

# **PRINCE ALBERT**

## **MUNICIPALITY**



### **UNAUDITED**

### **ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2016**

# PRINCE ALBERT LOCAL MUNICIPALITY

## Index

<b>Contents</b>	<b>Page</b>
General Information	1
Approval of the Financial Statements	2
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Statement of Comparison with Budget - Statement of Financial Position	7
Statement of Comparison with Budget - Statement of Financial Performance	9
Statement of Comparison with Budget - Cash Flow Statement	11
Notes to the Financial Statements - Accounting Policies	13 - 47
Notes to the Financial Statements - Continued	48 - 78
 <b>APPENDICES - Unaudited</b>	
A Schedule of External Loans	79
B Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	80
C National Treasury Appropriation Statements	
- Revenue and Expenditure (Standard Classification)	81
- Revenue and Expenditure (Municipal Vote Classification)	82
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)	83
- Capital Expenditure by Vote, Standard Classification and Funding	84
- Cash Flows	85
D Deviations from Supply chain management policy	86

# PRINCE ALBERT LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### GENERAL INFORMATION

#### NATURE OF MUNICIPALITY'S OPERATIONS AND PRINCIPAL ACTIVITIES

Prince Albert Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

#### DOMICILE AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### JURISDICTION

The Prince Albert Municipality includes the following areas:

*Prince Albert  
Klaarstroom  
Leeu Gamka*

#### DEMARICATION CODE

*WC052*

#### MUNICIPAL MANAGER

*Mr. H Mettler*

#### CHIEF FINANCIAL OFFICER

*Mr. J Neethling*

#### REGISTERED OFFICE

*Private Bag X53  
PRINCE ALBERT  
6730*

#### AUDITORS

*Office of the Auditor General (WC)*

#### PRINCIPLE BANKERS

*ABSA, Prince Albert*

#### PRINCIPLE ATTORNEY

*Riaan Coetzee*

#### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

#### AUDIT COMMITTEE MEMBERS

A.B.J. Dippenaar  
P.J. Theron  
J.C. van Wyk

# PRINCE ALBERT LOCAL MUNICIPALITY

## MEMBERS OF THE PRINCE ALBERT LOCAL MUNICIPALITY

### COUNCILLORS

Ward  
Ward  
Ward  
Ward  
Proportional  
Proportional  
Proportional

G. Lottering  
N.D. Jaftha  
N.S. Abrahams  
I.J. Windvogel  
L. Jaquet  
S. Botes  
C. Stols

### APPROVAL OF FINANCIAL STATEMENTS

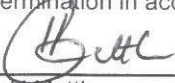
I am responsible for the preparation of these annual financial statements for the year ended 30 June 2016, which are set out on pages 1 to 86 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2017 and I am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
\_\_\_\_\_  
Mr. H Mettler  
Accounting Officer

30/8/16  
\_\_\_\_\_  
Date

**PRINCE ALBERT LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**

	Notes	2016 R	Restated 2015 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>111,605,281</b>	<b>89,314,303</b>
Capital Replacement Reserve	2	1,469,160	-
Accumulated Surplus/(Deficit)		110,136,121	89,314,303
<b>Non-Current Liabilities</b>		<b>23,999,343</b>	<b>12,564,205</b>
Long-term Liabilities	3	36,251	13,959
Long-term Employee benefits	4	4,946,279	4,680,403
Non-Current Provisions	5	19,016,813	7,869,843
<b>Current Liabilities</b>		<b>18,701,003</b>	<b>12,798,124</b>
Consumer deposits	6	414,906	394,704
Current employee benefits	7	1,659,320	1,844,155
Trade and other payables	8	6,151,003	3,484,937
Unspent Conditional Government Grants and Receipts	9	10,438,243	7,013,344
Current Portion of Long-term Liabilities	3	37,531	60,984
<b>Total Net Assets and Liabilities</b>		<b>154,305,627</b>	<b>114,676,632</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>121,801,510</b>	<b>98,771,363</b>
Property, Plant and Equipment	11	108,402,028	85,426,143
Investment Property	12	13,288,164	13,296,642
Intangible Assets	13	111,318	48,578
<b>Current Assets</b>		<b>32,504,117</b>	<b>15,905,269</b>
Inventory	14	470,350	428,283
Trade Receivables from exchange transactions	15	1,849,170	1,792,053
Receivables from non-exchange transactions	16	1,189,931	1,652,129
Lease Asset	17	35,060	54,869
VAT Receivable	10	2,211,373	848,170
Cash and Cash Equivalents	18	26,748,233	11,129,765
<b>Total Assets</b>		<b>154,305,627</b>	<b>114,676,632</b>

**PRINCE ALBERT LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 (Actual) R	2015 (Restated) R	Correction of error R	2015 (Previously reported) R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>		<b>48,381,992</b>	<b>61,053,823</b>	<b>(1,497,319)</b>	<b>59,556,504</b>
<b>Taxation Revenue</b>		<b>2,724,986</b>	<b>2,462,042</b>	<b>-</b>	<b>2,462,042</b>
Property taxes	19	2,724,986	2,462,042	-	2,462,042
<b>Transfer Revenue</b>		<b>39,125,439</b>	<b>52,961,873</b>	<b>-</b>	<b>52,961,873</b>
Government Grants and Subsidies - Capital	20	15,039,484	12,745,228	-	12,745,228
Government Grants and Subsidies - Operating	20	24,073,295	40,215,645	-	40,215,645
Public Contributions and Donations		12,660	1,000	-	1,000
<b>Other Revenue</b>		<b>6,531,567</b>	<b>5,629,908</b>	<b>(1,497,319)</b>	<b>4,132,589</b>
Actuarial Gains	4	166,006	550,841	-	550,841
Fines	21	3,552,490	3,581,748	-	3,581,748
Service in Kind	49	2,813,071	1,497,319	(1,497,319)	-
<b>Revenue from Exchange Transactions</b>		<b>24,544,449</b>	<b>21,420,064</b>	<b>1,637,650</b>	<b>23,057,714</b>
Service Charges	22	18,988,968	17,398,756	142,461	17,541,217
Rental of Facilities and Equipment		337,017	273,499	-	273,499
Interest Earned - external investments		1,622,432	812,429	-	812,429
Interest Earned - outstanding debtors		955,698	710,981	-	710,981
Licences and Permits		264,294	254,551	6,630	261,181
Other Income	23	2,342,688	1,969,848	1,488,559	3,458,407
Profit/Loss on disposal of Property, Plant and Equipment		33,352	-	-	-
<b>Total Revenue</b>		<b>72,926,440</b>	<b>82,473,887</b>	<b>140,331</b>	<b>82,614,218</b>
<b>EXPENDITURE</b>					
Employee related costs	24	12,994,102	13,048,472	58,468	13,106,940
Remuneration of Councillors	25	2,585,722	2,410,570	-	2,410,570
Debt Impairment	26	5,620,657	5,223,754	-	5,223,754
Depreciation and Amortisation	27	2,353,726	1,744,429	-	1,744,429
Repairs and Maintenance	28	633,902	1,177,669	(3,899)	1,173,770
Actuarial losses	4	69,227	7,466	-	7,466
Finance Charges	29	862,809	562,321	-	562,321
Bulk Purchases	30	7,525,471	6,748,255	(142,461)	6,605,794
Contracted services	31	7,705,123	24,509,836	(263,835)	24,246,001
General Expenses	32	9,585,475	15,164,244	(822,899)	14,341,345
Profit/Loss on disposal of Property, Plant and Equipment		699,249	108,386	-	108,386
<b>Total Expenditure</b>		<b>50,635,463</b>	<b>70,705,402</b>	<b>(1,174,626)</b>	<b>69,530,776</b>
<b>NET (DEFICIT)SURPLUS FOR THE YEAR</b>		<b>22,290,977</b>	<b>11,768,485</b>	<b>1,314,957</b>	<b>13,083,442</b>

**PRINCE ALBERT LOCAL MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016**

	<b>Capital Replacement Reserve</b>	<b>Accumulated Surplus</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>Balance at 1 JULY 2014</b>	-	<b>79,815,672</b>	<b>79,815,672</b>
Correction of error	-	(2,269,854)	(2,269,854)
<b>Restated Balance at 1 JULY 2014</b>	-	<b>77,545,818</b>	<b>77,545,818</b>
Net Surplus for the year (Restated)	-	11,768,485	11,768,485
<b>Restated Balance at 30 JUNE 2015</b>	-	<b>89,314,303</b>	<b>89,314,303</b>
Net Surplus for the year	-	22,290,977	22,290,977
Transfer to Capital Replacement Reserve	1,469,160	(1,469,160)	-
<b>Balance at 30 JUNE 2016</b>	<b>1,469,160</b>	<b>110,136,121</b>	<b>111,605,281</b>

**PRINCE ALBERT LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

		<b>30 JUNE 2016</b>	<b>30 JUNE 2015</b>
		<b>(Actual)</b>	<b>(Restated)</b>
	<b>Notes</b>	<b>R</b>	<b>R</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		29,444,854	25,539,145
Government - operating		24,073,295	40,215,645
Government - capital		15,039,484	12,745,228
Interest		2,578,130	1,523,410
<b>Payments</b>			
Suppliers and employees		(28,590,406)	(65,181,950)
Finance charges	<b>29</b>	(862,809)	(562,321)
Transfers and Grants		-	-
<b>Cash generated by operations</b>	<b>35</b>	<b>41,682,548</b>	<b>14,279,157</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	<b>11</b>	(25,984,407)	(12,717,912)
Disposal of Investment Properties		6,692	-
Purchase of Intangible Assets		(105,410)	(2,300)
Additions to Capitalised Restoration Cost		-	-
<b>Net Cash from Investing Activities</b>		<b>(26,083,125)</b>	<b>(12,720,212)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		(75,176)	(68,110)
New loans raised		74,015	49,445
Increase in Consumer Deposits		20,202	20,303
<b>Net Cash from Financing Activities</b>		<b>19,041</b>	<b>1,638</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>15,618,464</b>	<b>1,560,582</b>
Cash and Cash Equivalents at the beginning of the year		11,129,765	9,569,182
Cash and Cash Equivalents at the end of the year	<b>36</b>	<b>26,748,233</b>	<b>11,129,765</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>15,618,464</b>	<b>1,560,582</b>

**PRINCE ALBERT LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2016 R	2016 R	2016 R	
	(Actual)	(Final Budget)	(Variance)	%
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	26,748,233	9,204,575	17,543,658	191% Delayed grant spending.
Consumer debtors	3,039,101	5,349,576	(2,310,475)	-43% Increased provision for bad debts.
Other Receivables	2,246,433	631,862	1,614,571	256% Budgeted for incorrectly.
Inventory	470,350	924,678	(454,328)	-49% Inventory levels less than budget for.
<b>Total current assets</b>	<b>32,504,117</b>	<b>16,110,691</b>	<b>16,393,426</b>	
<b>Non current assets</b>				
Investment property	13,288,164	13,856,642	(568,478)	-4% Trivial.
Property, plant and equipment	108,402,028	127,810,706	(19,408,678)	-15% Capital grants not spent so decrease in capital grant income.
Intangible Assets	111,318	68,475	42,843	63% Trivial.
<b>Total non current assets</b>	<b>121,801,510</b>	<b>141,735,823</b>	<b>(19,934,313)</b>	
<b>TOTAL ASSETS</b>	<b>154,305,627</b>	<b>157,846,514</b>	<b>(3,540,887)</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowing	37,531	-	37,531	0% Trivial.
Consumer deposits	414,906	400,918	13,988	3% Trivial.
Trade and other payables	16,589,246	10,146,475	6,442,771	63% Large invoices in June and unspent grants.
Provisions and Employee Benefits	1,659,320	1,628,289	31,031	2% Trivial.
<b>Total current liabilities</b>	<b>18,701,003</b>	<b>12,175,682</b>	<b>6,525,321</b>	
<b>Non current liabilities</b>				
Borrowing	36,251	101,926	(65,675)	-64% Trivial.
Provisions and Employee Benefits	23,963,092	16,242,043	7,721,049	48% Large increase in provision for landfill due to new standards for rehab construction.
<b>Total non current liabilities</b>	<b>23,999,343</b>	<b>16,343,969</b>	<b>7,655,374</b>	
<b>TOTAL LIABILITIES</b>	<b>42,700,346</b>	<b>28,519,651</b>	<b>14,180,695</b>	
<b>NET ASSETS</b>	<b>111,605,281</b>	<b>129,326,863</b>	<b>(17,721,582)</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	110,136,121	129,326,862	(19,190,741)	
Capital Replacement Reserve	1,469,160	-	-	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>111,605,281</b>	<b>129,326,862</b>	<b>(17,721,581)</b>	

**PRINCE ALBERT LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**

**ADJUSTMENTS TO APPROVED BUDGET**

	2016 R	2016 R	2016 R	
	(Approved Budget)	(Adjustments)	(Final Budget)	%
				Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	2,753,005	6,451,570	9,204,575	234% Incorrectly budgeted for.
Consumer debtors	877,577	4,471,999	5,349,576	510% Changes in credit control policy.
Other Receivables	631,862	-	631,862	0% Trivial.
Inventory	924,678	-	924,678	0% Trivial.
<b>Total current assets</b>	<b>5,187,122</b>	<b>10,923,569</b>	<b>16,110,691</b>	
<b>Non current assets</b>				
Investment property	14,995,841	(1,139,199)	13,856,642	-8% Trivial.
Property, plant and equipment	101,714,328	26,096,378	127,810,706	26% Additional funds received for capital projects.
Intangible Assets	68,475	-	68,475	0% Trivial.
<b>Total non current assets</b>	<b>116,778,643</b>	<b>24,957,180</b>	<b>141,735,823</b>	
<b>TOTAL ASSETS</b>	<b>121,965,765</b>	<b>35,880,749</b>	<b>157,846,514</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Consumer deposits	400,918	-	400,918	0% Trivial.
Trade and other payables	1,486,515	8,659,960	10,146,475	583% Incorrectly budgeted for.
Provisions and Employee Benefits	1,628,289	-	1,628,289	0% Trivial.
<b>Total current liabilities</b>	<b>3,515,722</b>	<b>8,659,960</b>	<b>12,175,682</b>	
<b>Non current liabilities</b>				
Borrowing	101,926	-	101,926	0% Trivial.
Provisions and Employee Benefits	6,616,891	9,625,152	16,242,043	145% Incorrectly budgeted for.
<b>Total non current liabilities</b>	<b>6,718,817</b>	<b>9,625,152</b>	<b>16,343,969</b>	
<b>TOTAL LIABILITIES</b>	<b>10,234,539</b>	<b>18,285,112</b>	<b>28,519,651</b>	
<b>NET ASSETS</b>	<b>111,731,226</b>	<b>17,595,637</b>	<b>129,326,863</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	111,731,225	17,595,637	129,326,862	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>111,731,225</b>	<b>17,595,637</b>	<b>129,326,862</b>	

**PRINCE ALBERT LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2016 R	2016 R	2016 R	
	(Actual)	(Final Budget)	(Variance)	%
<b>REVENUE BY SOURCE</b>				
Property rates	2,724,986	2,680,744	44,242	2% Trivial.
Service charges	18,988,968	18,107,400	881,568	5% Trivial.
Rental of facilities and equipment	337,017	380,500	(43,483)	-11% Trivial.
Interest earned - external investments	1,622,432	1,310,000	312,432	24% Slow spending on capital projects caused higher bank balances that expected.
Interest earned - outstanding debtors	955,698	1,000,000	(44,302)	-4% Trivial.
Fines	3,552,490	3,782,000	(229,510)	-6% Trivial.
Licences and permits	264,294	220,000	44,294	20% Trivial.
Government Grants and Subsidies - Operating	24,073,295	41,483,890	(17,410,595)	-42% Accelerated housing grant was incorrectly budgeted as operating income.
Other revenue	5,334,425	4,048,800	1,285,625	32% Income for in kind benefits included in other income for budget.
Gains on disposal of PPE	33,352	-	33,352	0% No explanation obtained as difference is below 10%.
<b>Total Operating Revenue</b>	<b>57,886,956</b>	<b>73,013,334</b>	<b>(15,126,378)</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	12,994,102	13,738,431	(744,329)	-5% Trivial.
Remuneration of councillors	2,585,722	2,582,000	3,722	0% Trivial.
Debt impairment	5,620,657	5,300,000	320,657	6% Trivial.
Depreciation & asset impairment	2,353,726	1,895,000	458,726	24% New additions.
Finance charges	862,809	570,000	292,809	51% Increased finance charges on landfill site provision.
Bulk purchases	7,525,471	9,471,000	(1,945,529)	-21% Changed Eskom tariffs in 2014/2015 and did adjust budget for lower tariffs.
Contracted services	7,705,123	1,886,588	5,818,535	308% Contracted services budgeted as other expenditure.
Other expenditure	10,288,604	24,083,894	(13,795,290)	-57% Repairs and maintenance, transfer to CRR and contracted services included under other expenses for budget purposes.
Loss on disposal of PPE	699,249	-	699,249	0%
<b>Total Operating Expenditure</b>	<b>50,635,463</b>	<b>59,526,913</b>	<b>(8,891,450)</b>	
	7,251,493	13,486,421	(6,234,928)	
Government Grants and Subsidies - Capital	15,039,484	13,405,700	1,633,784	12% Accelerated housing grant was incorrectly budgeted as operating income.
	<b>22,290,977</b>	<b>26,892,121</b>	<b>(4,601,144)</b>	

**PRINCE ALBERT LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

**ADJUSTMENTS TO APPROVED BUDGET**

	2016 R	2016 R	2016 R		Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	(Approved Budget)	(Adjustments)	(Final Budget)	%	
<b>REVENUE BY SOURCE</b>					
Property rates	2,720,744	(40,000)	2,680,744	-1%	Trivial.
Service charges	18,798,400	(691,000)	18,107,400	-4%	Trivial.
Rental of facilities and equipment	322,500	58,000	380,500	18%	Trivial.
Interest earned - external investments	500,000	810,000	1,310,000	162%	Slow spending on capital projects caused higher bank balances than expected.
Interest earned - outstanding debtors	600,000	400,000	1,000,000	67%	Changes in credit control policy led to lower payment rate.
Fines	8,952,000	(5,170,000)	3,782,000	-58%	Poor performance by service provider.
Licences and permits	220,000	-	220,000	0%	Trivial.
Government Grants and Subsidies - Operating	21,250,300	20,233,590	41,483,890	95%	Additional grant funding received.
Other revenue	417,800	3,631,000	4,048,800	869%	Increased VAT on grants as well as Service in kind recognition.
<b>Total Operating Revenue</b>	<b>53,781,744</b>	<b>19,231,590</b>	<b>73,013,334</b>		
<b>EXPENDITURE BY TYPE</b>					
Employee related costs	14,248,391	(509,960)	13,738,431	-4%	Trivial.
Remuneration of councillors	2,582,000	-	2,582,000	0%	Trivial.
Debt impairment	8,750,000	(3,450,000)	5,300,000	-39%	Decrease in fine income led to increase in debt impairment.
Depreciation & asset impairment	1,895,000	-	1,895,000	0%	Trivial.
Finance charges	300,000	270,000	570,000	90%	Trivial.
Bulk purchases	9,581,000	(110,000)	9,471,000	-1%	Trivial.
Contracted services	1,292,000	594,588	1,886,588	46%	Additional funding received for additional projects.
Other expenditure	15,130,310	8,953,584	24,083,894	59%	Increased funding for projects.
<b>Total Operating Expenditure</b>	<b>53,778,701</b>	<b>5,748,212</b>	<b>59,526,913</b>		
Government Grants and Subsidies - Capital	3,043	13,483,378	13,486,421		
	10,292,700	3,113,000	13,405,700	30%	Accelerated housing grant was incorrectly budgeted as operating income.
	<b>10,295,743</b>	<b>16,596,378</b>	<b>26,892,121</b>		

**PRINCE ALBERT LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2016 R	2016 R	2016 R	
	(Actual)	(Final Budget)	(Variance)	%
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	29,444,854	14,826,217	14,618,638	99% Error on budget
Government - operating	24,073,295	41,483,890	(17,410,595)	-42% Slow spending on grant funding projects
Government - capital	15,039,484	13,405,700	1,633,784	12% Slow spending on grant funding projects
Interest	2,578,130	1,710,000	868,130	51% Slow spending on grant funding projects
<b>Payments</b>				
Suppliers and Employees	(28,590,406)	(42,475,916)	13,885,510	-33% Slow spending on grant funding projects
Finance charges	(862,809)	270,000	(1,132,809)	-420% Additional increases in interest on provisions
Transfers and Grants	-	-	-	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>41,682,548</b>	<b>29,219,891</b>	<b>12,462,658</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Disposal of Investment Properties	6,692	-	6,692	0% Not material
Purchase of Intangible Assets	(105,410)	-	(105,410)	0% Not material
Additions to Capitalised Restoration Cost	-	-	-	
<b>Payments</b>				
Capital assets	(25,984,404)	(36,389,079)	10,404,675	-29% Slow spending on grant funding projects
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(26,083,122)</b>	<b>(36,389,079)</b>	<b>10,305,957</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	74,015	-	74,015	0% Not material
Increase/(decrease) in consumer deposits	20,202	-	20,202	0% Not material
<b>Payments</b>				
Repayment of borrowing	(75,176)	-	(75,176)	0% Not material
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>19,041</b>	<b>-</b>	<b>19,041</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>15,618,467</b>	<b>(7,169,188)</b>	<b>22,787,655</b>	
Cash and Cash Equivalents at the beginning of the year	11,129,765	16,373,763	(5,243,998)	
Cash and Cash Equivalents at the end of the year	26,748,233	9,204,575	17,543,658	

**PRINCE ALBERT LOCAL MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

**ADJUSTMENTS TO APPROVED BUDGET**

	2016 R	2016 R	2016 R	
	(Approved Budget)	(Adjustments)	(Final Budget)	%
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				<b>Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00</b>
<b>Receipts</b>				
Ratepayers and other	22,555,029	(7,728,813)	14,826,217	-34% Error on budget
Government - operating	23,530,300	17,953,590	41,483,890	76% Additional grant funding received
Government - capital	7,292,700	6,113,000	13,405,700	84% Additional grant funding received
Interest	500,000	1,210,000	1,710,000	242% Additional interest due to slow spending on capital program
<b>Payments</b>				
Suppliers and Employees	(41,396,561)	(1,079,355)	(42,475,916)	3% Not material
Finance charges	-	270,000	270,000	0% Not material
	<b>12,481,468</b>	<b>16,738,422</b>	<b>29,219,891</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
<b>Payments</b>				
Capital assets	(10,292,700)	(26,096,378)	(36,389,079)	254% Additional grant funding received
	<b>(10,292,700)</b>	<b>(26,096,378)</b>	<b>(36,389,079)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>	-	-	-	0% Not material
<b>Payments</b>	-	-	-	0% Not material
	<b>2,188,768</b>	<b>(9,357,956)</b>	<b>(7,169,188)</b>	
Cash and Cash Equivalents at the beginning of the year	564,237	15,809,526	16,373,763	
Cash and Cash Equivalents at the end of the year	2,753,005	6,451,570	9,204,575	

## **PRINCE ALBERT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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#### **1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

##### **1.1. BASIS OF PREPARATION**

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

##### **1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

##### **1.3. GOING CONCERN ASSUMPTION**

These financial statements have been prepared on a going concern basis.

## **PRINCE ALBERT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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#### **1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### **1.5 AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

#### **1.6. MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

#### **1.7. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as three separate additional financial statements, namely the Statement of comparison of budget and actual amounts for the Statement of Financial Position, Statement of Financial Performance and Cash Flow Statement.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2015 to 30 June 2016. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

the approved and final budget amounts;  
actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of Comparison of Budget and Actual Amounts. The municipality

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

shall present an explanation of changes between an approved and final budget, by way of a note disclosure in terms of GRAP 24. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R 300,000.00.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

#### 1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

<b>GRAP 20</b> <b>(Original – June 2011)</b>	<b>Related Party Disclosure</b> The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	<b>Unknown</b>
<b>GRAP 32</b> <b>(Original – Aug 2013)</b>	<b>Service Concession Arrangements: Grantor</b> The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	<b>Unknown</b>
<b>GRAP 108</b> <b>(Original – Sept 2013)</b>	<b>Statutory Receivables</b> The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.	Unknown
<b>GRAP 109</b>	<b>Accounting by Principles and Agents</b> The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.  No significant impact is expected as the	Unknown

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Municipality's current treatment is already in line with the Standards treatment.	
<b>IGRAP 17</b>	<p><b>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</b></p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

## 1.9. RESERVES

### 1.9.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

## 1.10. LEASES

### 1.10.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### **1.10.2 Municipality as Lessor**

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

#### **1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grant are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

#### 1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

#### 1.13. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 1.14. PROVISIONS

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Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 1.15. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

##### **1.15.1. Post-Retirement Medical Obligations**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

##### **1.15.2 Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. .

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### **1.15.3 Ex gratia Gratuities**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### **1.15.4 Provision for Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

#### **1.15.5 Staff Bonuses Accrued**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

#### **1.15.6 Provision for Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### **1.15.7 Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

#### **1.15.8 Other Short-term Employee Benefits**

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

#### **1.16. BORROWING COSTS**

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### 1.17. PROPERTY, PLANT AND EQUIPMENT

##### 1.17.1 *Initial Recognition*

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

##### 1.17.2 *Subsequent Measurement – Cost Model*

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 1.17.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	<b>Years</b>		<b>Years</b>
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	3-59	Buildings	95
Pedestrian Malls	30	Specialist vehicles	15
Electricity	3-42	Other vehicles	2-16
Water	3-60	Office equipment	1-27
Sewerage	3-60	Furniture and fittings	7-10
Housing	95	Watercraft	15
		Bins and containers	5
<b><u>Community</u></b>		Specialised plant and	
Buildings	95	Equipment	1-14
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
Halls	20-100	Landfill sites	15
Libraries	95	Quarries	25
Parks and gardens	15-20	Emergency equipment	10
Other assets	15-20	Computer equipment	1-12
<b><u>Finance lease assets</u></b>			
Office equipment	1-5		
Other assets	5		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### **1.17.4 De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **1.17.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2010.

### **1.18. INTANGIBLE ASSETS**

#### **1.18.1 Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

#### **1.18.2 Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### **1.18.3 Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<b><u>Intangible Assets</u></b>	<b><u>Years</u></b>
Computer Software	10
Computer Software Licenses	10

#### **1.18.4 De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **1.18.5 Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2010.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### **1.19. INVESTMENT PROPERTY**

##### **1.19.1 Initial Recognition**

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

##### **1.19.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### **1.19.3 Depreciation and Impairment – Cost Model**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30

#### **1.19.4 De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **1.19.5 Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

### **1.20 HERITAGE ASSETS**

#### **1.20.1 Initial Recognition**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

#### **1.20.2 Subsequent Measurement – Cost Model**

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### **1.20.3 Depreciation and Impairment**

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

#### **1.20.4 De-recognition**

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

#### **1.20.5 Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

### **1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS**

#### **1.21.1 Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
  - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
  - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
  - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### **1.21.2 Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
  - Cessation, or near cessation, of the demand or need for services provided by the asset.
  - Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.
- (b) Internal sources of information
  - Evidence is available of physical damage of an asset.
  - Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
  - A decision to halt the construction of the asset before it is complete or in a usable condition.
  - Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### **1.22. INVENTORIES**

##### **1.22.1 *Initial Recognition***

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

##### **1.22.2 *Subsequent Measurement***

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

#### **1.23. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### **1.23.1 Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

#### **1.23.2 Subsequent Measurement**

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

##### **1.23.2.1 Receivables**

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### 1.23.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### 1.23.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

#### 1.23.3 **De-recognition of Financial Instruments**

##### 1.23.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### 1.23.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

#### 1.23.4 **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

#### 1.24 **STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

##### 1.24.1 Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

##### 1.24.2 Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

#### **1.24.3 Derecognition**

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
  - (i) derecognise the receivable; and
  - (ii) recognise separately any rights and obligations created or retained in the transfer.

#### **1.25. REVENUE**

##### ***1.25.1 Revenue from Non-Exchange Transactions***

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### 1.25.2 *Revenue from Exchange Transactions*

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### 1.26. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

#### **1.27. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.28. IRREGULAR EXPENDITURE**

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.29. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

#### **1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

##### **1.31.1 *Post retirement medical obligations, Long service awards and Ex gratia gratuities***

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### **1.31.2 Impairment of Receivables**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

#### **1.31.3 Property, Plant and Equipment**

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### **1.31.4 Intangible Assets**

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

#### **1.31.5 Investment Property**

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### **1.31.6 Provisions and Contingent Liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

#### **1.31.7 Revenue Recognition**

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### **1.31.8 Provision for Landfill Sites**

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

#### **1.31.9 Provision for Staff leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

#### **1.31.10 Provision for Performance bonuses**

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

#### **1.31.11 Pre-paid electricity estimation**

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days worth of unused electricity.

#### **1.31.12 Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

## PRINCE ALBERT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### **1.32. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

#### **1.33. CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

#### **1.34. EVENTS AFTER REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

	2016 R	2015 R
<b>2 NET ASSET RESERVES</b>		
RESERVES	1,469,160	-
Capital Replacement Reserve	1,469,160	-
<b>Total Net Asset Reserve and Liabilities</b>	<b>1,469,160</b>	<b>-</b>
<b>3 LONG-TERM LIABILITIES</b>		
Capitalised Lease Liability - At amortised cost	73,782	74,943
Current Portion transferred to Current Liabilities	37,531	60,984
Capitalised Lease Liability - At amortised cost	37,531	60,984
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>36,251</b>	<b>13,959</b>
The obligations under finance leases are scheduled below:		
	<b>Minimum lease payments</b>	
Amounts payable under finance leases:		
Payable within one year	37,531	60,984
Payable within two to five years	36,253	13,959
	73,784	74,943
<b>Less:</b> Future finance obligations	(9,629)	(4,478)
<b>Present value of lease obligations</b>	<b>64,155</b>	<b>70,465</b>
Leases are secured by property, plant and equipment - Note 11		
<b>4 EMPLOYEE BENEFITS</b>		
Post Retirement Medical - Refer to Note 4.1	3,823,055	3,677,980
Long Service Awards - Refer to Note 4.2	1,088,395	965,444
Ex Gratia Payments - Refer to Note 4.3	34,829	36,979
<b>Total Non-current Employee Benefit Liabilities</b>	<b>4,946,279</b>	<b>4,680,403</b>
<b><u>Post Retirement Medical</u></b>		
Balance 1 July	3,842,068	4,063,843
Contribution for the year	142,440	144,917
Interest Cost	333,914	358,004
Expenditure for the year	(176,807)	(173,855)
Actuarial Loss/(Gain)	(165,728)	(550,841)
<b>Total post retirement benefits 30 June</b>	<b>3,975,887</b>	<b>3,842,068</b>
<b>Less:</b> Transfer of Current Portion - Note 7	(152,832)	(164,088)
<b>Balance 30 June</b>	<b>3,823,055</b>	<b>3,677,980</b>
<b><u>Long Service Awards</u></b>		
Balance 1 July	1,073,337	970,613
Contribution for the year	89,078	84,491
Interest Cost	82,093	77,832
Expenditure for the year	(119,662)	(64,324)
Actuarial Loss/(Gain)	69,227	4,725
<b>Total long service 30 June</b>	<b>1,194,073</b>	<b>1,073,337</b>
<b>Less:</b> Transfer of Current Portion - Note 7	(105,678)	(107,893)
<b>Balance 30 June</b>	<b>1,088,395</b>	<b>965,444</b>
<b><u>Ex Gratia Payments</u></b>		
Balance 1 July	36,979	31,555
Interest Cost	3,107	2,683
Expenditure for the year	(4,387)	-
Actuarial Loss/(Gain)	(278)	2,741
<b>Total long service 30 June</b>	<b>35,421</b>	<b>36,979</b>
<b>Less:</b> Transfer of Current Portion - Note	(592)	-
<b>Balance 30 June</b>	<b>34,829</b>	<b>36,979</b>

EMPLOYEE BENEFITS (CONTINUE)

**TOTAL NON-CURRENT EMPLOYEE BENEFITS**

	2016 R	2015 R
Balance 1 July	4,952,384	5,066,011
Contribution for the year	231,518	229,408
Interest cost	419,114	438,519
Expenditure for the year	(300,856)	(238,179)
Actuarial Loss/(Gain)	(96,779)	(543,375)
<b>Total employee benefits 30 June</b>	<b>5,205,381</b>	<b>4,952,384</b>
<b>Less:</b> Transfer of Current Portion - Note 7	(259,102)	(271,981)
<b>Balance 30 June</b>	<b>4,946,279</b>	<b>4,680,403</b>

4.1 **Post Retirement Benefits**

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	16	15
In-service (employee) non-members	31	29
Continuation members (e.g. Retirees, widows, orphans)	6	6
<b>Total Members</b>	<b>53</b>	<b>50</b>

The liability in respect of past service has been estimated to be as follows:

In-service members and potential members	1,899,499	2,107,493
Continuation members	1,546,482	1,734,575
<b>Total Liability</b>	<b>3,445,981</b>	<b>3,842,068</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 R	2013 R	2012 R
In-service members	2,058,733	1,864,350	1,513,866
Continuation members	2,005,110	2,328,634	2,162,558
<b>Total Liability</b>	<b>4,063,843</b>	<b>4,192,984</b>	<b>3,676,424</b>

Experience adjustments were calculated as follows:

	2014 R	2013 R	2012 R
Liabilities: (Gain) / loss	(58,000)	(32,000)	(102,000)
Assets: Gain / (loss)		-	-

The municipality performed their first actuarial valuation on 30 June 2010. Thus there are experience adjustment figures available since 30 June 2010 to fully comply with GRAP 25

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
LA Health  
Samwumed; and  
Keyhealth.

Key actuarial assumptions used:

	2016 %	2015 %
<b>i) Rate of interest</b>		
Discount rate	9.13%	8.88%
Health Care Cost Inflation Rate	8.22%	7.98%
Net Effective Discount Rate	0.84%	0.90%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

**ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

**iii) Normal retirement age**

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

	2016 R	2015 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	3,823,055	3,677,980
<b>Net liability/(asset)</b>	<b>3,823,055</b>	<b>3,677,980</b>

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	3,842,068	4,063,843
Total expenses	299,547	329,066
Current service cost	142,440	144,917
Interest Cost	333,914	358,004
Benefits Paid	(176,807)	(173,855)
Actuarial (gains)/losses	(165,728)	(550,841)
Present value of fund obligation at the end of the year	3,975,887	3,842,068
<b>Less:</b> Transfer of Current Portion - Note 7	(152,832)	(164,088)
<b>Balance 30 June</b>	<b>3,823,055</b>	<b>3,677,980</b>

#### Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	2.429	1.546	3.975	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	3.022	1.671	4.693	18%
Health care inflation	-1%	1.969	1.436	3.405	-14%
Discount Rate	1%	1.976	1.437	3.413	-14%
Discount Rate	-1%	3.022	1.672	4.694	18%
Post-retirement mortality	-1 year	2.516	1.62	4.136	4%
Average retirement age	-1 year	2.553	1.546	4.099	3%
Continuation of membership at retirement	-10%	1.976	1.546	3.522	-11%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		142,400	333,900	476,300	
Health care inflation	1%	179,200	392,300	571,500	20%
Health care inflation	-1%	114,200	287,000	401,200	-16%
Discount Rate	1%	115,700	320,100	435,800	-9%
Discount Rate	-1%	177,600	348,200	525,800	10%
Post-retirement mortality	-1 year	147,500	347,500	495,000	4%
Average retirement age	-1 year	152,600	347,300	499,900	5%
Continuation of membership at retirement	-10%	113,700	298,400	412,100	-13%

#### 4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

47	44
----	----

Key actuarial assumptions used:

%	%
8.58%	8.04%
7.24%	7.11%
1.25%	0.87%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	1,088,395	965,444
<b>Net liability</b>	<b>1,088,395</b>	<b>965,444</b>

The municipality performed their first actuarial valuation on 30 June 2015. Thus there no experience adjustment figures available to fully comply with GRAP 25

#### Reconciliation of present value of fund obligation:

	2016 R	2015 R
Present value of fund obligation at the beginning of the year	1,073,337	970,613
Total expenses	51,509	97,999
Current service cost	89,078	84,491
Interest Cost	82,093	77,832
Benefits Paid	(119,662)	(64,324)
Actuarial (gains)/losses	69,227	4,725
Present value of fund obligation at the end of the year	1,194,073	1,073,337
<b>Less:</b> Transfer of Current Portion - Note 7	(105,678)	(107,893)
<b>Balance 30 June</b>	<b>1,088,395</b>	<b>965,444</b>

#### Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		1,194,000	
General salary inflation	1%	1,275,000	7%
General salary inflation	-1%	1,121,000	-6%
Discount Rate	1%	1,118,000	-6%
Discount Rate	-1%	1,279,000	7%
Average retirement age	-2 yrs	1,039,000	-13%
Average retirement age	2 yrs	1,352,000	13%
Withdrawal rates	-50%	1,414,000	18%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central assumptions		89,100	82,100	171,200	
General salary inflation	1%	96,400	88,100	184,500	8%
General salary inflation	-1%	82,600	76,700	159,300	-7%
Discount Rate	1%	83,100	85,900	169,000	-1%
Discount Rate	-1%	95,900	77,500	173,400	1%
Average retirement age	-2 yrs	80,300	71,500	151,800	-11%
Average retirement age	2 yrs	98,600	94,200	192,800	13%
Withdrawal rates	-50%	114,800	99,300	214,100	25%

4.3 Ex Gratia Payments

The Ex Gratia plans are defined benefit plans.

As at year end, the following number of employees were eligible for Ex Gratia Payments

Key actuarial assumptions used:

i) Rate of interest

Discount rate

2016  
R

2015  
R

7

8

%

%

8.92%

8.47%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations

Net liability

The municipality performed their first actuarial valuation on 30 June 2015. Thus there no experience adjustment figures available to fully comply with GRAP 25

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year

Total expenses

Interest Cost

Benefits Paid

Actuarial (gains)/losses

Present value of fund obligation at the end of the year

Less: Transfer of Current Portion - Note

Balance 30 June

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption

Central assumptions

Discount rate

Discount rate

Average retirement age

Change

1%

-1%

-1 yrs

Liability  
(R)

35,421

33,861

37,102

38,377

% change

-4%

5%

8%

Assumption

Central assumptions

Discount rate

Discount rate

Average retirement age

Change

1%

-1%

-1 yrs

Interest Cost  
(R)

3,107

3,292

3,896

3,352

Total  
(R)

3,107

3,292

3,896

3,352

% change

6%

25%

8%

4.4 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 101.7% (30 June 2013 - 99.2%).

CAPE JOINT RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 153.1% (30 June 2014 - 101.7%).

	2016 R	2015 R
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**DEFINED CONTRIBUTION PLANS**

Council contribute to the Municipal Council Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance	1,071,789	1,353,780
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5

**NON-CURRENT PROVISIONS**

Provision for Rehabilitation of Landfill-sites	19,016,813	7,869,843
<b>Total Non-current Provisions</b>	<b>19,016,813</b>	<b>7,869,843</b>

The reason for the increase in provision is due to the amendment of standards that dramatically increased the provision in cost of rehabilitating landfill sites.

**Landfill Sites**

Balance 1 July	7,869,843	2,103,066
Contribution for the year	11,146,970	5,766,777
<b>Total provision 30 June</b>	<b>19,016,813</b>	<b>7,869,843</b>
<b>Balance 30 June</b>	<b>19,016,813</b>	<b>7,869,843</b>

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

No provision for current portion is made due to fact that no amount were budgeted for rehabilitation. Currently there is no fixed date for rehabilitation of the landfill sites.

	<i>Prince Albert</i>	<i>Leeu Gamka</i>	<i>Klaarstroom</i>
Area (m <sup>2</sup> )	24440m <sup>2</sup>	13860m <sup>2</sup>	5210m <sup>2</sup>

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset.  
Total cost and estimated date of decommission of the sites are as follows:

<u>Location</u>	<u>Estimated decommission date</u>	<u>Cost of rehabilitation 2016</u>	<u>Cost of rehabilitation 2015</u>
Prince Albert	2018	9,237,735	3,142,738
Leeu Gamka	2019	6,542,503	2,731,025
Klaarstroom	2035	3,236,575	1,996,081
		<b>19,016,813</b>	<b>7,869,843</b>

## 6 CONSUMER DEPOSITS

	<b>2016 R</b>	<b>2015 R</b>
Electricity	261,309	264,741
Rent	7,488	7,488
Water	146,109	122,475
<b>Total Consumer Deposits</b>	<b>414,906</b>	<b>394,704</b>
<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b>-</b>	<b>-</b>

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

## 7 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - Note 4	259,102	271,981
Staff Leave	967,123	1,140,734
Bonuses	433,095	431,440
<b>Total Current Employee Benefits</b>	<b>1,659,320</b>	<b>1,844,155</b>

The movement in current employee benefits are reconciled as follows:

### Staff Leave

Balance at beginning of year	1,140,734	946,257
Contribution to current portion	(54,852)	228,395
Expenditure incurred	(118,759)	(33,918)
<b>Balance at end of year</b>	<b>967,123</b>	<b>1,140,734</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement of the provision by a third party

### Bonuses

Balance at beginning of year	431,440	402,248
Contribution to current portion	1,655	29,192
<b>Balance at end of year</b>	<b>433,095</b>	<b>431,440</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

8	TRADE AND OTHER PAYABLES	2016 R	2015 R
	Trade Payables	5,177,443	2,570,020
	Debtors with credit balances	380,865	376,529
	Retentions	582,067	528,983
	Other	6,241	840
	Payments received in advance	387	-
	Sundry Deposits	4,000	8,565
	<b>Total Trade Payables</b>	<b>6,151,003</b>	<b>3,484,937</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.  
The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and housing Deposits.

9	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
	<b>Unspent Grants</b>	10,438,243	7,013,344
	National Government Grants	5,190,594	-
	Provincial Government Grants	5,247,649	7,013,344
	<b>Less: Unpaid Grants</b>	-	-
	<b>Total Conditional Grants and Receipts</b>	<b>10,438,243</b>	<b>7,013,344</b>

10	TAXES		
10.1	<b>VAT PAYABLE</b>		
	VAT output on accruals	(87,732)	24,291
	Total Vat payable	(87,732)	24,291
10.2	<b>VAT RECEIVABLE</b>		
	VAT input on accruals	(1,212,677)	(454,845)
	VAT Control	(910,964)	(417,616)
	Total VAT receivable	(2,123,641)	(872,461)
10.3	<b>NET VAT RECEIVABLE/(PAYABLE)</b>	<b>(2,211,373)</b>	<b>(848,170)</b>

VAT is receivable/payable on the cash basis.

11 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2016

Reconciliation of Carrying Value																	
	Opening Balance R	Transfers R	Cost Correction of Error R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Accumulated Correction of Error R	Additions R	Closing Balance R	Opening Balance R	Transfers R	Accumulated Correction of Errors R	Depreciation R	Disposals R	Closing Balance R	Carrying Value R
<b>Land and Buildings</b>	<b>5,626,016</b>	-	-	<b>33,062</b>	-	<b>5,659,078</b>	<b>2,012,972</b>	-	-	<b>2,012,972</b>	<b>108,263</b>	-	-	<b>19,644</b>	-	<b>127,907</b>	<b>3,518,198</b>
Land	3,706,179	-	-	-	-	3,706,179	1,544,885	-	-	1,544,885	-	-	-	-	-	-	2,161,294
Buildings	1,919,837	-	-	33,062	-	1,952,899	468,087	-	-	468,087	108,263	-	-	19,644	-	127,907	1,356,904
<b>Infrastructure</b>	<b>74,199,023</b>	<b>(6,263,292)</b>	-	<b>20,895,436</b>	<b>(1,382,689)</b>	<b>87,448,478</b>	-	-	-	-	<b>9,854,412</b>	-	-	<b>1,839,033</b>	<b>(761,989)</b>	<b>10,931,456</b>	<b>76,517,022</b>
Main: Roads	13,870,774	-	-	2,619,901	-	16,490,675	-	-	-	-	3,603,889	-	-	339,814	-	3,943,704	12,546,971
Main: Waste Management	14,413,569	-	-	6,834,352	(1,359,781)	19,888,140	-	-	-	-	1,888,168	-	-	903,648	(742,628)	2,049,189	17,838,951
Main: Electricity	2,751,771	-	-	250,847	-	3,002,617	-	-	-	-	1,261,674	-	-	58,106	-	1,319,780	1,682,837
Main: Water	24,847,906	-	-	760,373	(22,908)	25,585,370	-	-	-	-	3,100,680	-	-	537,465	(19,362)	3,618,783	21,966,587
Work in Progress	18,315,004	(6,263,292)	-	10,429,963	-	22,481,675	-	-	-	-	-	-	-	-	-	-	22,481,675
<b>Community Assets</b>	<b>15,889,597</b>	-	-	<b>132,544</b>	-	<b>16,022,141</b>	-	-	-	-	<b>512,324</b>	-	-	<b>103,960</b>	-	<b>616,284</b>	<b>15,405,857</b>
Recreation Grounds	5,444,883	-	-	-	-	5,444,883	-	-	-	-	13,862	-	-	2,235	-	16,097	5,428,787
Civic Buildings	5,666,943	-	-	-	-	5,666,943	-	-	-	-	183,049	-	-	79,061	-	262,109	5,404,834
Transfer Station	292,901	-	-	-	-	292,901	-	-	-	-	170,859	-	-	-	-	170,859	122,042
Libraries	1,177,450	-	-	-	-	1,177,450	-	-	-	-	71,506	-	-	11,530	-	83,036	1,094,414
Bus Terminals	78,670	-	-	-	-	78,670	-	-	-	-	3,999	-	-	-	-	3,999	74,671
Work in Progress	2,040,099	-	-	132,544	-	2,172,643	-	-	-	-	-	-	-	-	-	-	2,172,643
Cemetery	51,650	-	-	-	-	51,650	-	-	-	-	-	-	-	-	-	-	51,650
Museum	1,137,000	-	-	-	-	1,137,000	-	-	-	-	69,049	-	-	11,134	-	80,184	1,056,816
<b>Lease Assets</b>	<b>280,075</b>	-	-	<b>74,015</b>	<b>(90,072)</b>	<b>264,018</b>	-	-	-	-	<b>158,324</b>	-	-	<b>33,538</b>	<b>(53,039)</b>	<b>138,824</b>	<b>125,194</b>
Office Equipment	280,075	-	-	74,015	(90,072)	264,018	-	-	-	-	158,324	-	-	33,538	(53,039)	138,824	125,194
<b>Capitalised Restoration Costs</b>	<b>1,024,461</b>	-	-	<b>10,712,942</b>	-	<b>11,737,403</b>	<b>9,584</b>	-	<b>(5,319)</b>	<b>4,265</b>	<b>748,905</b>	-	-	<b>46,307</b>	-	<b>795,212</b>	<b>10,937,926</b>
Landfill Site	1,024,461	-	-	10,712,942	-	11,737,403	9,584	-	(5,319)	4,265	748,905	-	-	46,307	-	795,212	10,937,926
<b>Other Assets</b>	<b>4,733,681</b>	-	-	<b>394,381</b>	<b>(177,618)</b>	<b>4,950,444</b>	<b>225,111</b>	-	-	<b>225,111</b>	<b>2,696,814</b>	-	-	<b>285,835</b>	<b>(155,147)</b>	<b>2,827,502</b>	<b>1,897,832</b>
Motor Vehicles	1,171,655	-	-	-	-	1,171,655	225,111	-	-	225,111	492,467	-	-	98,563	-	591,030	355,514
Plant and Equipment	428,175	-	-	45,543	(10,108)	463,610	-	-	-	-	262,839	-	-	49,637	(7,294)	305,182	158,428
Office Equipment	386,488	-	-	-	-	386,488	-	-	-	-	308,291	-	-	-	-	308,291	78,196
Furniture and Equipment	696,708	-	-	125,541	(22,422)	799,827	-	-	-	-	416,627	-	-	45,461	(17,803)	444,285	355,542
Loose Equipment	220,273	-	-	-	-	220,273	-	-	-	-	60,975	-	-	-	-	60,975	159,298
Computer Equipment	762,513	-	-	223,297	(126,569)	859,242	-	-	-	-	541,983	-	-	42,288	(116,405)	467,866	391,376
Specialised Vehicles	1,065,879	-	-	-	(18,519)	1,047,359	-	-	-	-	612,094	-	-	49,885	(13,645)	648,334	399,025
Fire Fighting Equipment	1,991	-	-	-	-	1,991	-	-	-	-	1,538	-	-	-	-	1,538	453
	<b>101,752,853</b>	<b>-6,263,292</b>	-	<b>32,242,380</b>	<b>(1,650,380)</b>	<b>126,081,562</b>	<b>2,247,667</b>	-	<b>(5,319)</b>	<b>2,242,348</b>	<b>14,079,043</b>	-	-	<b>2,328,317</b>	<b>(970,175)</b>	<b>15,437,185</b>	<b>108,402,028</b>

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

30 JUNE 2015

Reconciliation of Carrying Value

	Opening Balance R	Transfers R	Cost Correction of Error R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Accumulated Impairments Correction of Error R	Additions R	Closing Balance R	Opening Balance R	Transfers R	Accumulated Depreciation Correction of Errors R	Depreciation R	Disposals R	Closing Balance R	Carrying Value R
<b>Land and Buildings</b>	<b>7,492,816</b>	-	<b>-1,866,800</b>	-	-	<b>5,626,016</b>	<b>2,484,877</b>	-	-	<b>2,012,972</b>	<b>184,160</b>	-	-	<b>37,472</b>	-	<b>108,263</b>	<b>3,504,780</b>
Land	3,706,179	-	-	-	-	3,706,179	1,544,885	-	-	1,544,885	-	-	-	-	-	-	2,161,294
Buildings	3,786,637	-	(1,866,800)	-	-	1,919,837	939,992	(471,904)	-	468,087	184,160	-	(113,369)	37,472	-	108,263	1,343,486
<b>Infrastructure</b>	<b>63,756,381</b>	-	-	<b>10,442,642</b>	-	<b>74,199,023</b>	-	-	-	-	<b>8,797,712</b>	-	-	<b>1,056,701</b>	-	<b>9,854,412</b>	<b>64,344,611</b>
Main: Roads	13,870,774	-	-	-	-	13,870,774	-	-	-	-	3,250,709	-	-	353,180	-	3,603,889	10,266,884
Main: Waste Management	14,413,569	-	-	-	-	14,413,569	-	-	-	-	1,570,600	-	-	317,568	-	1,888,168	12,525,401
Main: Electricity	2,751,771	-	-	-	-	2,751,771	-	-	-	-	1,203,393	-	-	58,282	-	1,261,674	1,490,096
Main: Water	18,547,360	-	-	6,300,545	-	24,847,906	-	-	-	-	2,773,010	-	-	327,671	-	3,100,680	21,747,225
Work in Progress	14,172,907	-	-	4,142,097	-	18,315,004	-	-	-	-	-	-	-	-	-	-	18,315,004
<b>Community Assets</b>	<b>14,037,971</b>	-	-	<b>1,851,626</b>	-	<b>15,889,597</b>	-	-	-	-	<b>399,582</b>	-	-	<b>112,742</b>	-	<b>512,324</b>	<b>15,377,273</b>
Recreation Grounds	5,444,883	-	-	-	-	5,444,883	-	-	-	-	11,603	-	-	2,259	-	13,862	5,431,022
Civic Buildings	5,666,943	-	-	-	-	5,666,943	-	-	-	-	95,469	-	-	87,580	-	183,049	5,483,895
Transfer Station	292,901	-	-	-	-	292,901	-	-	-	-	170,859	-	-	-	-	170,859	122,042
Libraries	1,177,450	-	-	-	-	1,177,450	-	-	-	-	59,854	-	-	11,652	-	71,506	1,105,944
Bus Terminals	78,670	-	-	-	-	78,670	-	-	-	-	3,999	-	-	-	-	3,999	74,671
Work in Progress	188,473	-	-	1,851,626	-	2,040,099	-	-	-	-	-	-	-	-	-	-	2,040,099
Cemetery	51,650	-	-	-	-	51,650	-	-	-	-	-	-	-	-	-	-	51,650
Museum	1,137,000	-	-	-	-	1,137,000	-	-	-	-	57,798	-	-	11,251	-	69,049	1,067,951
<b>Lease Assets</b>	<b>291,919</b>	<b>(61,289)</b>	-	<b>49,445</b>	-	<b>280,075</b>	-	-	-	-	<b>153,793</b>	-	-	<b>43,738</b>	-	<b>158,324</b>	<b>121,751</b>
Office Equipment	291,919	(61,289)	-	49,445	-	280,075	-	-	-	-	153,793	(39,207)	-	43,738	-	158,324	121,751
<b>Capitalised Restoration Costs</b>	<b>873,811</b>	-	<b>(1,169,669)</b>	<b>1,320,319</b>	-	<b>1,024,461</b>	<b>12,593</b>	-	<b>(3,009)</b>	<b>9,584</b>	<b>704,396</b>	-	-	<b>44,509</b>	-	<b>748,905</b>	<b>265,972</b>
Landfill Site	873,811	-	(1,169,669)	1,320,319	-	1,024,461	12,593	-	(3,009)	9,584	704,396	-	-	44,509	-	748,905	265,972
<b>Other Assets</b>	<b>4,862,635</b>	<b>61,289</b>	-	<b>220,540</b>	<b>(410,783)</b>	<b>4,733,681</b>	<b>225,111</b>	-	-	<b>225,111</b>	<b>2,534,737</b>	<b>39,207</b>	-	<b>431,905</b>	<b>(309,035)</b>	<b>2,696,814</b>	<b>1,811,756</b>
Motor Vehicles	1,072,323	-	-	99,332	-	1,171,655	225,111	-	-	225,111	394,913	-	-	97,553	-	492,467	454,077
Plant and Equipment	481,165	-	-	25,611	(78,601)	428,175	-	-	-	-	257,447	-	-	57,389	(51,996)	262,839	165,336
Office Equipment	386,488	-	-	-	-	386,488	-	-	-	-	269,152	-	-	39,139	-	308,291	78,196
Furniture and Equipment	721,884	9,041	-	23,835	(58,052)	696,708	-	-	-	-	392,418	6,027	-	63,552	(45,370)	416,627	280,081
Loose Equipment	220,273	-	-	-	-	220,273	-	-	-	-	60,975	-	-	-	-	60,975	159,298
Computer Equipment	827,841	52,248	-	71,763	(189,339)	762,513	-	-	-	-	592,162	33,180	-	84,871	(168,230)	541,983	220,530
Specialised Vehicles	1,150,670	-	-	-	(84,791)	1,065,879	-	-	-	-	566,133	-	-	89,400	(43,439)	612,094	453,784
Fire Fighting Equipment	1,991	-	-	-	-	1,991	-	-	-	-	1,538	-	-	-	-	1,538	453
	<b>91,315,532</b>	-	<b>(3,036,469)</b>	<b>13,884,573</b>	<b>(410,783)</b>	<b>101,752,853</b>	<b>2,722,581</b>	-	<b>(3,009)</b>	<b>2,247,667</b>	<b>12,774,380</b>	<b>39,207</b>	-	<b>1,727,067</b>	<b>(309,035)</b>	<b>14,079,043</b>	<b>85,426,143</b>

	2016 R	2015 R
<b>12 INVESTMENT PROPERTY</b>		
<b>Net Carrying amount at 1 July</b>	<b>13,296,642</b>	<b>13,858,446</b>
Cost	14,438,955	15,022,155
Accumulated Depreciation	(11,068)	(9,264)
Accumulated Impairment	(1,131,245)	(1,154,445)
Depreciation for the year	(1,785)	(1,804)
Disposal	(6,692)	-
<b>Net Carrying amount at 30 June</b>	<b>13,288,164</b>	<b>13,296,642</b>
Cost	14,432,263	14,438,955
Accumulated Depreciation	(12,854)	(11,068)
Accumulated Impairment	(1,131,245)	(1,131,245)
There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
Revenue derived from the rental of investment property.	337,017	273,499

<b>13 INTANGIBLE ASSETS</b>		
<b>Computer Software</b>		
<b>Net Carrying amount at 1 July</b>	<b>48,578</b>	<b>68,474</b>
Cost	180,180	233,380
Accumulated Amortisation	(131,602)	(164,906)
Disposal	(19,046)	(6,638)
Additions	105,410	2,300
Amortisation	(23,624)	(15,554)
<b>Net Carrying amount at 30 June</b>	<b>111,318</b>	<b>48,578</b>
Cost	130,436	180,180
Accumulated Amortisation	(19,118)	(131,602)

<u>Description</u>	<u>Remaining Amortisation Period</u>	<u>Carrying Value</u>	
		2016 R	2015 R
Microsoft Office and Windows software	4	111,318	48,578

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

14	INVENTORY	2016 R	2015 R
	Consumable Stores	227,000	198,273
	Library stock	18,000	-
	Unsold Properties	219,420	219,420
	Water – at cost	5,930	10,590
	<b>Total Inventory</b>	<b>470,350</b>	<b>428,283</b>

15	TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Electricity	1,646,270	1,295,141
	Water	5,871,547	4,269,674
	Refuse	2,832,836	2,258,880
	Sewerage	2,991,680	2,564,060
	Fire Services	-	7,598
	Rent	148,965	131,170
	Debtors with credit balances	380,865	376,529
	<b>Total Receivables from Exchange Transactions</b>	<b>13,872,163</b>	<b>10,903,052</b>
	Less: Allowance for Doubtful Debts	(12,022,993)	(9,110,999)
	<b>Total Net Receivables from Exchange Transactions</b>	<b>1,849,170</b>	<b>1,792,053</b>

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

**(Electricity): Ageing**

Current (0 - 30 days)	490,218	457,556
31 - 60 Days	139,185	166,762
61 - 90 Days	120,205	108,424
+ 90 Days	896,661	562,399
<b>Total</b>	<b>1,646,270</b>	<b>1,295,141</b>

**(Water): Ageing**

Current (0 - 30 days)	262,176	194,284
31 - 60 Days	167,329	157,849
61 - 90 Days	195,186	183,312
+ 90 Days	5,246,856	3,734,229
<b>Total</b>	<b>5,871,547</b>	<b>4,269,674</b>

**(Refuse): Ageing**

Current (0 - 30 days)	130,485	121,806
31 - 60 Days	90,370	85,066
61 - 90 Days	83,506	77,880
+ 90 Days	2,528,475	1,974,128
<b>Total</b>	<b>2,832,836</b>	<b>2,258,880</b>

**(Sewerage): Ageing**

Current (0 - 30 days)	65,590	83,971
31 - 60 Days	151,030	142,022
61 - 90 Days	141,645	125,505
+ 90 Days	2,633,415	2,212,562
<b>Total</b>	<b>2,991,680</b>	<b>2,564,060</b>

**(Other): Ageing**

Current (0 - 30 days)	(36,478)	14,073
31 - 60 Days	17,387	4,950
61 - 90 Days	21,469	4,841
+ 90 Days	146,587	114,905
<b>Total</b>	<b>148,965</b>	<b>138,768</b>

**(Total): Ageing**

	2016 R	2015 R
Current (0 - 30 days)	911,990	871,690
31 - 60 Days	565,302	556,648
61 - 90 Days	562,011	499,962
+ 90 Days	11,451,995	8,598,224
<b>Total</b>	<b>13,491,298</b>	<b>10,526,523</b>

**Reconciliation of Provision for Bad Debts**

Balance at beginning of year	9,110,999	6,492,536
Written off during the year	(188,835)	(180,673)
Contribution to provision	3,100,829	2,799,136
<b>Balance at end of year</b>	<b>12,022,993</b>	<b>9,110,999</b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

**16 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Rates	784,221	588,218
Other Receivables	10,851,449	8,592,444
Traffic Fines	10,224,741	7,262,271
Other Debtors	626,708	1,330,173
<b>Total Receivables from Non-Exchange Transactions</b>	<b>11,635,670</b>	<b>9,180,662</b>
Less: Allowance for Doubtful Debts	(10,445,739)	(7,528,533)
<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>1,189,931</b>	<b>1,652,129</b>

Ageing of Receivables from Non-Exchange Transactions:

**(Rates): Ageing**

Current (0 - 30 days)	(11,033)	(73,398)
31 - 60 Days	32,325	31,229
61 - 90 Days	22,988	14,881
+ 90 Days	739,941	615,506
<b>Total</b>	<b>784,221</b>	<b>588,218</b>

**Reconciliation of Provision for Bad Debts**

Balance at beginning of year	7,528,533	12,217,065
Written off during the year	(2,550)	(7,259,121)
Contribution to provision	2,919,756	2,570,589
<b>Balance at end of year</b>	<b>10,445,739</b>	<b>7,528,533</b>

Concentrations of credit risk with respect to other receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of other receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's other receivables.

**17 OPERATING LEASE ARRANGEMENTS**

**The Municipality as Lessor (Asset)**

<b>Balance on 1 July</b>	54,869	64,376
Movement during the year	(19,809)	(9,507)
<b>Balance on 30 June</b>	<b>35,060</b>	<b>54,869</b>

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	249,552	194,617
1 to 5 Years	223,107	299,746
<b>Total Operating Lease Arrangements</b>	<b>472,660</b>	<b>494,363</b>

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for variable periods with the final lease ending in 2019

18

**CASH AND CASH EQUIVALENTS**

**Assets**

	2016 R	2015 R
Call Investments Deposits	23,385,721	10,980,159
Primary Bank Account	2,018,465	147,906
Traffic Bank Account	1,232,939	-
Smart Meter Account	108,258	-
Cash Floats	2,850	1,700
<b>Total Cash and Cash Equivalents - Assets</b>	<b>26,748,233</b>	<b>11,129,765</b>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

A Bank Guarantee is retained for ESKOM by ABSA Bank

9,960 9,960

The municipality has the following bank accounts:

**Current Accounts**

Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):	2,018,465	147,906
	<b>2,018,465</b>	<b>147,906</b>

**Savings accounts**

Prince Albert ABSA Bank - Account Number 9287334653 (Savings Account):	23,385,721	10,980,159
	<b>23,385,721</b>	<b>10,980,159</b>

**Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):**

Cash book balance at beginning of year	147,906	413,875
Cash book balance at end of year	2,018,465	147,906

Bank statement balance at beginning of year	783,726	1,683,142
Bank statement balance at end of year	2,081,479	783,726

**Prince Albert ABSA Bank - Account Number 4063942217 (Traffic Account):**

In Abakus the cashbook is combined with the primary bank account	N/A	N/A
Bank statement balance at beginning of year	623,071	54,221
Bank statement balance at end of year	1,233,489	623,071

**Prince Albert ABSA Bank - Account Number 9287334653 (Savings Account):**

Cash book balance at beginning of year	10,980,159	9,338,985
Cash book balance at end of year	23,385,721	10,980,159

Bank statement balance at beginning of year	10,922,552	9,295,049
Bank statement balance at end of year	23,230,619	10,922,552

**Prince Albert ABSA Bank - Account Number 4086370253 (Smart Meter Account):**

Cash book balance at beginning of year	-	-
Cash book balance at end of year	108,258	-

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	97,316	-

19

**PROPERTY RATES**

**Actual**

<b>Rateable Land and Buildings</b>	3,213,810	2,941,403
Residential, Commercial Property, State	3,213,810	2,941,403
Less: Rebates	(488,824)	(479,361)
<b>Total Assessment Rates</b>	<b>2,724,986</b>	<b>2,462,042</b>

**Valuations - General Valuation 1 July 2012**

<b>Rateable Land and Buildings</b>		
Leeu-Gamka: Land and Buildings	25,345,200	25,345,200
Klaarstroom: Land and Buildings	13,384,900	13,384,900
Prince Albert: Land and Buildings	617,638,700	617,638,700
Rural: Land and Buildings	687,856,100	687,856,100
Welgemoed: Land and Buildings	8,811,500	8,811,500
<b>Total Rateable Valuation</b>	<b>1,353,036,400</b>	<b>1,353,036,400</b>

Valuations on land and buildings are performed every five years. The last interim valuation came into effect on 1 July 2015.

	2016 R	2015 R
	c/R	c/R
<b>Rates:</b>		
Standard property rates excluding agriculture and vacant land	0.396	0.370
Agricultural	0.095	0.093
Vacant Land	0.515	0.370

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

	2016 R	2015 R
<b>20 GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>Unconditional Grants</b>	<b>15,247,000</b>	<b>13,047,000</b>
Equitable Share	15,247,000	13,047,000
<b>Conditional Grants</b>	<b>23,865,779</b>	<b>39,913,873</b>
Grants and donations	23,865,779	39,913,873
<b>Total Government Grants and Subsidies</b>	<b>39,112,779</b>	<b>52,960,873</b>
Government Grants and Subsidies - Capital	15,039,484	12,745,228
Government Grants and Subsidies - Operating	24,073,295	40,215,645
	<b>39,112,779</b>	<b>52,960,873</b>
<b>20.1 Equitable share</b>		
Grants received	15,247,000	13,047,000
Conditions met - Operating	(15,247,000)	(13,047,000)
Conditions still to be met	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
<b>20.2 Local Government Financial Management Grant (FMG)</b>		
Opening balance	-	-
Grants received	1,600,000	1,600,000
VAT on conditional grants	(3,355)	(69,937)
Conditions met - Operating	(1,421,490)	(1,530,063)
Conditions met - Capital	(175,155)	-
Conditions still to be met	-	-
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
<b>20.3 Municipal Systems Improvement Grant</b>		
Opening balance	-	-
Grants received	942,000	934,000
VAT on conditional grants	-	(102,969)
Conditions met - Operating	(942,000)	(831,031)
Conditions still to be met	-	-
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
<b>20.4 Municipal Infrastructure Grant (MIG)</b>		
Opening balance	-	(343,760)
Grants received	9,466,000	7,377,000
VAT on conditional grants	(900,836)	(833,203)
Conditions met - Operating	(373,300)	(207,704)
Conditions met - Capital	(5,510,102)	(5,992,333)
Unspent grant	2,681,762	-
The grant was used to upgrade infrastructure in previously disadvantaged areas.		

<b>20.5 Housing Grants</b>	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
Opening balance	5,813,344	3,460,751
Grants received	5,000,000	25,352,035
VAT on conditional grants	(722,697)	(90,594)
Conditions met - Operating	(242,672)	(20,410,376)
Conditions met - Capital	(5,100,326)	(2,498,472)
Unspent grant	<u>4,747,649</u>	<u>5,813,344</u>

Housing grants were utilised for upgrading infrastructure, the development of erven and the erection of top structures.

<b>20.6 Integrated National Electrification Grant</b>		
Opening balance	-	-
Grants received	3,000,000	2,000,000
VAT on conditional grants	(351,632)	(171,557)
Conditions met - Capital	(2,648,368)	(1,828,443)
Conditions still to be met	<u>-</u>	<u>-</u>

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

<b>20.7 Other Grants</b>		
Opening balance	1,200,000	1,043,818
Grants received	9,363,124	7,146,593
VAT on conditional grants	(101,927)	(374,960)
Conditions met - Operating	(5,846,833)	(4,189,471)
Conditions met - Capital	(1,605,533)	(2,425,980)
Conditions still to be met	<u>3,008,831</u>	<u>1,200,000</u>

Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)

<b>20.8 Total Grants</b>		
Opening balance	7,013,344	4,160,809
Grants received	44,618,124	57,456,628
VAT on conditional grants	(2,080,447)	(1,643,220)
Conditions met - Operating	(24,073,295)	(40,215,645)
Conditions met - Capital	(15,039,484)	(12,745,228)
Conditions still to be met/(Grant expenditure to be recovered)	<u>10,438,242</u>	<u>7,013,344</u>

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	10,438,243	7,013,344
	<u>10,438,243</u>	<u>7,013,344</u>

No grant funding in terms of the DORA were withheld or delayed

<b>21 FINES</b>		
Traffic fines	3,538,740	3,573,140
Other fines	13,750	8,608
<b>Total Fines</b>	<u>3,552,490</u>	<u>3,581,748</u>

*Additional information to enable better understandings by user*

Provision for debt impairment	(2,788,646)	(2,964,853)
<i>Recoverable fines</i>	<u>763,844</u>	<u>616,895</u>

<b>22 SERVICE CHARGES</b>		
Electricity	12,812,909	10,895,030
Water	4,061,800	4,099,179
Refuse removal	1,845,152	1,717,896
Sewerage and Sanitation Charges	3,104,272	2,933,382
	<u>21,824,133</u>	<u>19,645,487</u>
Less: Rebates	(2,835,165)	(2,246,731)
<b>Total Service Charges</b>	<u>18,988,968</u>	<u>17,398,756</u>

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

<b>23</b>	<b>OTHER INCOME</b>	<b>2016</b>	<b>2015</b>
		<b>R</b>	<b>R</b>
	Sundry income	54,416	114,267
	Graveyard	23,441	12,551
	Building plans	40,818	61,158
	Photostats and Faxes	2,414	5,314
	VAT on Grant	2,127,727	1,643,220
	Fire brigade levies	-	27,831
	Tender Documents	1,053	2,851
	Festival Stall Sales	1,228	-
	Training LGSETA	23,716	12,596
	Refuse Bags	138	375
	Rezoning fees	52,203	71,785
	Library Lost Books And Fines	4,366	4,026
	Valuation Certificates	11,168	13,874
	<b>Total Other Income</b>	<b>2,342,688</b>	<b>1,969,848</b>

Sundry income represents sale of sundry items and fees for items not included under service charges

24

**EMPLOYEE RELATED COSTS**

	2016	2015
	R	R
Bonus	598,168	641,614
Contributions for UIF, pensions and medical aids	1,485,013	1,353,780
Housing Subsidy	99,535	37,860
Leave Reserve Fund	(54,852)	228,395
Increase in Provision for Bonuses	1,655	29,192
Contribution to provisions	230,714	222,749
Overtime	472,927	621,977
Salaries and Wages	9,487,295	9,093,460
Travel, motor car, telephone, assistance and other allowances	673,647	819,445
<b>Total Employee Related Costs</b>	<b>12,994,102</b>	<b>13,048,472</b>

**KEY MANAGEMENT PERSONNEL**

Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

**Remuneration of the Municipal Manager**

Annual remuneration	987,534	923,235
Car allowance	104,640	104,640
Housing allowance	18,000	18,000
Cell phone allowance	18,000	18,000
Contributions to medical and pension funds	35,261	31,637
<b>Total</b>	<b>1,163,435</b>	<b>1,095,512</b>

**Remuneration of the Director Financial Services**

Annual remuneration	723,375	676,878
Car allowance	96,000	96,000
Cell phone allowance	12,000	12,000
Contributions to medical and pension funds	139,888	127,795
<b>Total</b>	<b>971,263</b>	<b>912,673</b>

**Remuneration of the Director Corporate Services**

Annual remuneration	391,127	347,093
Car allowance	25,416	25,416
Cell phone allowance	12,000	12,000
Contributions to medical and pension funds	67,606	58,274
<b>Total</b>	<b>496,150</b>	<b>442,783</b>

Director Corporate Services was employed February 2014

**Remuneration of the Director Technical Services**

Annual remuneration	279,646	286,563
Car allowance	41,571	60,000
Cell phone allowance	8,000	12,000
Contributions to medical and pension funds	44,019	61,431
<b>Total</b>	<b>373,237</b>	<b>419,995</b>

Director Technical Services resigned February 2016

25

**REMUNERATION OF COUNCILLORS**

Mayor	476,471	451,702
Deputy Mayor	212,395	202,754
Speaker	442,907	422,760
Councillors	663,034	616,866
Car Allowance	533,400	500,078
Cell phone Allowance	146,069	113,684
Contributions to medical and pension funds	111,446	102,726
<b>Total Councillors' Remuneration</b>	<b>2,585,722</b>	<b>2,410,570</b>

**In-kind Benefits**

The Executive Mayor and all the committee members are part-time. The Mayor are provided with secretarial support and an office at the cost of the Council.

**Mayor**

Annual Remuneration	476,471	451,702
Car Allowance	153,600	144,834
Cell phone Allowance	20,866	20,867
Contributions to medical and pension funds	80,827	74,736
<b>Total</b>	<b>731,764</b>	<b>692,139</b>

	2016 R	2015 R
<b>Speaker</b>		
Annual Remuneration	442,907	422,760
Car Allowance	122,400	115,415
Cell phone Allowance	20,866	20,867
<b>Total</b>	<b>586,173</b>	<b>559,042</b>
<b>Deputy Mayor</b>		
Annual Remuneration	212,395	202,754
Car Allowance	67,800	64,708
Cell phone Allowance	20,866	20,867
Contributions to medical and pension funds	30,398	27,990
<b>Total</b>	<b>331,459</b>	<b>316,319</b>
<b>Councillors</b>		
Annual Remuneration	663,034	616,866
Car Allowance	189,600	175,120
Cell phone Allowance	83,472	51,083
<b>Total</b>	<b>936,106</b>	<b>843,069</b>

26

**DEBT IMPAIRMENT**

Trade Receivables from exchange transactions - Note 15	2,605,204	2,653,165
Trade Receivables from non-exchange transactions - Note 16	3,015,453	2,570,589
<b>Total Contribution to/(Reversal of) Impairment Provision</b>	<b>5,620,657</b>	<b>5,223,754</b>

*Additional information to enable better understanding by user*

Trade Receivables from exchange transactions

Electricity	278,049	(59,304)
Water	1,368,175	1,511,764
Refuse	536,555	679,470
Sewerage	422,425	521,235
	<b>2,605,204</b>	<b>2,653,165</b>

Trade Receivables from non exchange transactions

Rates	131,106	(316,939)
Traffic Fines	2,788,646	2,964,853
Other	95,700	(77,325)
	<b>3,015,452</b>	<b>2,570,589</b>

<b>27</b>	<b>DEPRECIATION AND AMORTISATION</b>	<b>2016</b>	<b>2015</b>
		<b>R</b>	<b>R</b>
	Property Plant and Equipment	2,328,317	1,727,067
	Investment Property	1,785	1,804
	Intangible Assets	23,624	15,554
		<b>2,353,726</b>	<b>1,744,429</b>
<b>28</b>	<b>REPAIRS AND MAINTENANCE</b>		
	Buildings	78,734	264,194
	Equipment, furniture and fittings and computers	112,488	380,393
	Infrastructure	119,064	245,881
	Vehicles	323,616	287,201
		<b>633,902</b>	<b>1,177,669</b>

		2016	2015
		R	R
<b>29</b>	<b>FINANCE CHARGES</b>		
	Landfill Sites	434,027	110,411
	Finance leases	9,668	6,732
	Post Employment Health	419,114	445,178
	<b>Total finance charges</b>	<b>862,809</b>	<b>562,321</b>
<b>30</b>	<b>BULK PURCHASES</b>		
	Electricity	7,525,471	6,748,255
	<b>Total Bulk Purchases</b>	<b>7,525,471</b>	<b>6,748,255</b>
<b>31</b>	<b>CONTRACTED SERVICES</b>		
	Engineering	1,698,790	206,884
	Electricity	551,387	263,835
	Financial, Internal Audit, Risk	4,305,251	2,750,440
	Housing construction	180,876	20,410,377
	IT consulting and software licencing	942,000	831,031
	Other	26,819	47,269
		<b>7,705,123</b>	<b>24,509,836</b>
<b>32</b>	<b>GENERAL EXPENSES</b>		
	Advertisements	74,780	56,453
	EPWP Admin fees	48,266	-
	Audit Fees	2,572,243	2,237,157
	Bank Charges	191,203	178,950
	Camera Fines	65,359	19,161
	Cleaning Materials	29,505	37,170
	Commission Pre-Paid Electricity	227,218	173,571
	Deed of Transfer	7,912	9,665
	Electricity	318,638	244,499
	Electricity Cost of Sales	1,385,978	1,813,219
	Entertainment Cost	29,870	32,288
	Festivals	128,602	81,673
	Fuel and Oil	433,971	491,316
	Hall rental	900	-
	Insurance	177,291	133,180
	Legal Fees	45,867	156,772
	Licences	71,333	97,457
	Local economic development	24,940	27,512
	Machine Rental	8,365	21,026
	Material	92,122	290,177
	Membership Fees and Levies	500,000	511,986
	Office Rental CW's	19,716	7,778
	Postage	129,981	119,977
	Printing and Stationery	155,792	144,018
	Refuse Bags	84,942	62,133
	Rehabilitation Refuse Sites Expensed	-	5,505,717
	Remuneration Ward Committees	154,841	183,950
	Security	8,400	-
	Skills development levy	100,357	96,784
	Street Lights	52,635	27,829
	Sundry	30,851	171,433
	Telephone and communication costs	524,505	447,805
	Training	27,409	28,329
	Travel, Accommodation and Subsistence	1,275,727	1,434,417
	Valuation Costs	27,667	57,881
	Water Cost of Sales	313,748	67,146
	Water Purification: Chlorine	82,129	59,661
	Water Research: Gouritz	31,208	16,336
	Water Research: Levy	31,604	30,384
	Workman's Compensation	99,334	88,473
	Wreath and Bouquet	266	963
	<b>General Expenses</b>	<b>9,585,475</b>	<b>15,164,246</b>
<b>33</b>	<b>DISCLOSURE IN TERMS OF MFMA 123 (1) (c)</b>		
	Operating grant expenditure per vote		
	Vote 1 - EXECUTIVE AND COUNCIL	-	-
	Vote 2 - DIRECTOR FINANCE	7,186,625	25,438,318
	Vote 3 - DIRECTOR PLANNING AND DEVELOPMENT	-	-
	Vote 4 - DIRECTOR TECHNICAL SERVICES	-	-
		<b>7,186,625</b>	<b>25,438,318</b>

CORRECTION OF ERRORS IN TERMS OF GRAP 3

STATEMENT OF FINANCIAL POSITION	2015	Adjustments for	Reclassification	2015
	Previously reported	errors		Restated
Accumulated Surplus/(Deficit)	92,899,114	(3,584,811)	-	89,314,303
Long-term Liabilities	13,959	-	-	13,959
Long-term Employee benefits	4,680,403	-	-	4,680,403
Non-Current Provisions	7,869,843	-	-	7,869,843
Consumer deposits	394,704	-	-	394,704
Current employee benefits	1,844,155	-	-	1,844,155
Trade and other payables	3,133,131	351,806	-	3,484,937
Unspent Conditional Government Grants and Receipts	7,013,344	-	-	7,013,344
Current Portion of Long-term Liabilities	60,984	-	-	60,984
<b>Total Net Assets and Liabilities</b>	<b>117,909,637</b>	<b>(3,233,005)</b>	<b>-</b>	<b>114,676,632</b>
Property, Plant and Equipment	86,406,068	(2,415,566)	1,435,641	85,426,143
Investment Property	13,856,642	(560,000)	-	13,296,642
Intangible Assets	48,578	-	-	48,578
Capitalised Restoration Costs	1,435,641	-	(1,435,641)	-
Inventory	707,751	(279,468)	-	428,283
Trade Receivables from exchange transactions	1,792,053	-	-	1,792,053
Receivables from non-exchange transactions	1,158,129	494,000	-	1,652,129
Lease Asset	54,869	-	-	54,869
VAT Receivable	909,574	(61,404)	-	848,170
Cash and Cash Equivalents	11,540,334	(410,569)	-	11,129,765
<b>Total Assets</b>	<b>117,909,639</b>	<b>(3,233,005)</b>	<b>-</b>	<b>114,676,632</b>
<b>REVENUE</b>				
Property taxes	2,462,042	-	-	2,462,042
Government Grants and Subsidies - Capital	12,745,228	-	-	12,745,228
Government Grants and Subsidies - Operating	40,215,645	-	-	40,215,645
Public Contributions and Donations	1,000	-	-	1,000
Actuarial Gains	550,841	-	-	550,841
Fines	3,581,748	-	-	3,581,748
Service in Kind	-	-	1,497,319	1,497,319
Service Charges	17,541,217	(142,461)	-	17,398,756
Rental of Facilities and Equipment	273,499	-	-	273,499
Interest Earned - external investments	812,429	-	-	812,429
Interest Earned - outstanding debtors	710,981	-	-	710,981
Licences and Permits	261,181	(6,630)	-	254,551
Other Income	3,458,407	8,760	(1,497,319)	1,969,848
<b>Total Revenue</b>	<b>82,614,218</b>	<b>(140,331)</b>	<b>-</b>	<b>82,473,887</b>
<b>EXPENDITURE</b>				
Employee related costs	13,106,940	(58,468)	-	13,048,472
Remuneration of Councillors	2,410,570	-	-	2,410,570
Debt Impairment	5,223,754	-	-	5,223,754
Depreciation and Amortisation	1,744,429	-	-	1,744,429
Repairs and Maintenance	1,173,770	3,899	-	1,177,669
Actuarial losses	7,466	-	-	7,466
Finance Charges	562,321	-	-	562,321
Bulk Purchases	6,605,794	142,461	-	6,748,255
Contracted services	24,246,001	-	263,835	24,509,836
General Expenses	14,341,345	1,086,734	(263,835)	15,164,244
Profit/Loss on disposal of Property, Plant and Equipment	108,386	-	-	108,386
<b>Total Expenditure</b>	<b>61,208,998</b>	<b>1,174,626</b>	<b>-</b>	<b>70,705,402</b>
<b>NET (DEFICIT)/SURPLUS FOR THE YEAR</b>	<b>21,405,220</b>	<b>(1,314,957)</b>	<b>-</b>	<b>11,768,485</b>

<b>34.1</b>	<b><u>Bank Corrections</u></b>	<b>Debit</b>	<b>Credit</b>
	Amount received in bank account before year end not receipted		
	Bank charges incorrectly posted		
	Bank charges traffic account		
	Difference on konica minolta debit order		
	Eskom debit order incorrectly posted		
	Incorrect Abakus duplicate payment cancellations		
	Payday integration differences		
	SOAL debit order incorrectly posted		
	State cheques that should have been written back in prior year		
	Vodacom debit order incorrectly posted		
	The correction entry was		
	Cash & Cash Equivalents	-	(410,569)
	Accumulated Surplus	185,378	-
	Employee related costs	-	(58,468)
	General Expenses	292,682	-
	License and Permits	-	(210)
	Other Income	-	(8,759)
	Repairs & Maintenance	-	(55)
<b>34.2</b>	<b><u>Building not in control of Prince Albert Municipality. Removed from Fixed Asset Register</u></b>	<b>Debit</b>	<b>Credit</b>
	Building not in control of Prince Albert Municipality. Removed from Fixed asset register.		
	The correction entry was		
	Accumulated Surplus	1,841,527	-
	Property Plant & Equipment	-	(1,281,527)
	Investment Property	-	(560,000)
<b>34.3</b>	<b><u>Deposit on erf taken directly to land sales in 2008</u></b>	<b>Debit</b>	<b>Credit</b>
	Deposit on sale of an erf were taken directly to sale of land. Error corrected.		
	The correction entry was		
	Accumulated surplus	-	(4,565)
	Trade and other payables	4,565	-
<b>34.4</b>	<b><u>Error on calculation of commission for motor vehicle licences</u></b>	<b>Debit</b>	<b>Credit</b>
	Error on calculation of commission for motor vehicle licences.		
	The correction entry was		
	License and Permits	6,840	-
	Receivables from Non exchange transactions	-	(6,000)
	Trade and other payables	-	(840)
<b>34.5</b>	<b><u>SALGA membership fees correction</u></b>	<b>Debit</b>	<b>Credit</b>
	SALGA membership fees prepaid and VAT treated incorrectly on said fees.		
	The correction entry was		
	General Expenses	-	(438,596)
	Taxes	-	(61,404)
	Receivables from Non exchange transactions	500,000	-
<b>34.6</b>	<b><u>Unused electricity treated as inventory and not income received in advance</u></b>	<b>Debit</b>	<b>Credit</b>
	Unused electricity treated as inventory and not income received in advance.		
	The correction entry was		
	Service charges	142,461	-
	Bulk Purchases	142,461	-
	Accumulated surplus	274,013	-
	Trade and other payables	-	(279,468)
	Inventory	-	(279,468)

<b>34.7</b>	<u>Year end creditors not provided</u>	<b>Debit</b>	<b>Credit</b>
	Year end creditors not provided for correctly.		
	The correction entry was		
	Repairs & Maintenance	3,954	-
	General Expenses	62,979	-
	Trade and other payables	-	(66,933)

<b>34.8</b>	<u>Landfill site cost incorrectly Capitalised</u>		
	Landfill site cost incorrectly Capitalised in the 2014/2015 financial year		
		1,169,669	-
	General Expenses	-	(1,169,669)
	Capitalised restoration cost		

<b>35</b>	<b>RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>	<b>2016 R</b>	<b>2015 R</b>
	(Deficit) / Surplus for the year	22,290,977	11,768,485
	<u>Adjustments for:</u>		
	Depreciation	2,330,102	1,728,875
	Amortisation of Intangible Assets	23,624	15,554
	Loss on disposal of PPE	699,249	108,386
	Contribution to provisions	11,146,970	5,766,777
	Debt impairment	5,620,657	5,223,754
	Operating lease income accrued	19,809	9,507
	Operating (Deficit)/Surplus before changes in working capital	42,131,388	24,621,338
	Changes in working capital	(448,840)	(10,342,181)
	(Decrease)/Increase in Trade and Other Payables	2,666,066	(8,059,563)
	(Decrease) in Unspent Conditional Government Grants and Receipts	3,424,899	2,508,774
	Increase/(Decrease) in Taxes	(1,363,203)	986,362
	(Increase) in Inventory	(42,067)	57,800
	(Increase)/Decrease in Gross Debtors from exchange and non exchange	(5,215,576)	(6,289,355)
	(Decrease)/Increase in Employee benefits	81,041	110,041
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	-	343,760
	<b>Cash (absorbed)/generated by operations</b>	<b>41,682,548</b>	<b>14,279,157</b>

<b>36</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 18	23,385,721	10,980,159
	Cash Floats - Note 18	2,850	1,700
	Bank - Note 18	3,251,404	147,906
	<b>Total cash and cash equivalents</b>	<b>26,639,975</b>	<b>11,129,765</b>

<b>37</b>	<b>RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
	Cash and Cash Equivalents - Note 36	26,639,975	11,129,765
	Less:	26,639,975	11,129,765
		11,907,403	7,013,344
	Unspent Committed Conditional Grants - Note 9	10,438,243	7,013,344
	Capital Replacement Reserve	1,469,160	-
	<b>Resources available for working capital requirements</b>	<b>14,732,572</b>	<b>4,116,421</b>

<b>38</b>	<b>UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
	Long-term Liabilities - Note 3	73,782	74,943
	Used to finance property, plant and equipment - at cost	(73,782)	(74,943)
		-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

39 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

	2016 R	2015 R
<b>39.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	48,268,010	48,192,901
Unauthorised expenditure current year - operating	-	75,109
Unauthorised expenditure current year - Unspent grants utilised to fund operating expenditure	(48,268,010)	-
Written off by council	-	-
Unauthorised expenditure awaiting authorisation	-	48,268,010

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget	None

	2016 R (Actual)	2016 R (Budget)	2016 R (Unauthorised)
<b>Unauthorised expenditure current year - operating</b>			
Vote 1 - EXECUTIVE AND COUNCIL	4,963,162	5,412,540	-
Vote 2 - DIRECTOR FINANCE	14,822,874	19,975,651	-
Vote 3 - DIRECTOR CORPORATE	3,403,439	4,170,404	-
Vote 4 - DIRECTOR COMMUNITY	6,725,225	7,755,878	-
Vote 5 - DIRECTOR TECHNICAL SERVICES	23,356,066	25,654,440	-
	<b>53,270,765</b>	<b>62,968,913</b>	-
	<b>2016 R (Actual)</b>	<b>2016 R (Budget)</b>	<b>2016 R (Unauthorised)</b>
<b>Unauthorised expenditure current year - capital</b>			
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-
Vote 2 - DIRECTOR FINANCE	197,138	204,500	-
Vote 3 - DIRECTOR CORPORATE	-	-	-
Vote 4 - DIRECTOR COMMUNITY	120,572	170,000	-
Vote 5 - DIRECTOR TECHNICAL SERVICES	14,921,300	35,626,477	-
	<b>317,710</b>	<b>374,500</b>	-

	2016 R	2015 R
<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)</b>		
<b>39.2 Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Written off by council	-	-
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	-	-

<b>39.3 Irregular expenditure</b>		
Opening balance	7,016,090	7,016,090
Irregular expenditure current year	7,677,415	7,990,065
Written off by council	(14,531,383)	(7,990,065)
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	162,122	7,016,090

Incident	Disciplinary steps/criminal proceedings
Non compliance with SCM during 2015/2016	None

<b>39.4 Material Losses</b>		
<b>Water distribution losses</b>		
- Kilo litres disinfected/purified/purchased	779,111	486,945
- Kilo litres lost during distribution	132,669	42,364
- Percentage lost during distribution	17.03%	8.70%
- Value of distribution losses	R 150,467	R 98,441
<b>Electricity distribution losses</b>		
- Units purchased (Kwh)	10,731,967	10,761,168
- Units lost during distribution (Kwh)	1,334,798	888,682
- Percentage lost during distribution	12.44%	8.26%
- Value of distribution losses	R 1,108,350	R 663,796

40 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

40.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS

	2016 R	2015 R
Opening balance	-	250,000
Council subscriptions	500,000	500,000
Amount paid - current year	(500,000)	(750,000)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

40.2 Audit fees - [MFMA 125 (1)(b)]

Opening balance	302,815	-
Current year audit fee	2,572,243	2,539,972
External Audit - Auditor-General	2,572,243	2,539,972
Amount paid - current year	(2,572,243)	(2,237,157)
<b>Balance unpaid (included in creditors)</b>	<b>302,815</b>	<b>302,815</b>

40.3 VAT - [MFMA 125 (1)(b)]

Opening balance	417,616	1,678,116
VAT inputs	3,882,709	3,321,440
VAT outputs	(2,451,937)	(2,173,310)
Received	(937,423)	(2,408,630)
<b>Closing balance - Receivable</b>	<b>910,964</b>	<b>417,616</b>
Vat control account	910,964	417,616

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

40.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]

Opening balance	-	-
Current year payroll deductions and Council Contributions	2,580,366	2,401,365
Amount paid - current year	(2,580,366)	(2,401,365)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

40.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]

Opening balance	-	-
Current year payroll deductions and Council Contributions	1,862,239	2,080,299
Amount paid - current year	(1,862,239)	(2,080,299)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

	2016 R	2015 R
<b>40.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</b>		
The following Councillors had arrear accounts for more than 90 days as at 30 June 2016:		
	Outstanding more than 90 days	Outstanding more than 90 days
<b>Total Councillor Arrear Consumer Accounts</b>	<b>-</b>	<b>-</b>

During the year the following councillor was outstanding for more than 90 days

Councillor	Period	Highest amount outstanding for more than 90 days
I.J. Windvogel	December 2015 to March 2016	1,027
Councillor I.J. Windvogel has settled his account before 30 June 2016		

**40.7 Non-compliance with the Municipal Finance Management Act**

Deviations of the Supply Chain Management Regulations were identified on the following categories:

	Sole Supplier	Emergency	Other	Total
Deviations from SCM	1,768,650	3,520	534,000	2,306,170

The SCM deviations were noted by Council at it's monthly meetings held.

**40.8 Service in State**

The following supplier(s) indicated that a family member is in service of the state as required by section 45 of the Supply Chain Management Regulations.

Company name	Related person	Company Capacity	Capacity at State / Municipality	Relationship	State department	Payments
Jan Nel Elektries	Jan Nel	Owner	Teacher	Spouse	WCED	891,043
Aurecon	Various	Various	Various	Various	Various	1,688,341

**41 CAPITAL COMMITMENTS**

**Commitments in respect of capital expenditure:**

Approved and contracted for:	6,310,218	6,483,982
Total commitments consist out of the following:		
Infrastructure and Sports Fields	6,310,218	6,483,982
	<b>6,310,218</b>	<b>6,483,982</b>
This expenditure will be financed from:		
Government Grants	6,310,218	6,483,982
	<b>6,310,218</b>	<b>6,483,982</b>

**42 FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest earning deposits, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	2016 R	2015 R
1% (2015 - 1%) Increase in interest rates	266,716	114,637
0.5% (2015 - 0.5%) Decrease in interest rates	(133,358)	(57,318)

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 15 and 16 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 15 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

Exchange Debtors

Electricity	4.08%	490,218	5.10%	457,556
Water	2.18%	262,176	2.17%	194,284
Refuse	1.09%	130,485	1.36%	121,806
Sewerage	0.55%	65,590	0.94%	83,971
Other	-0.30%	(36,478)	0.16%	14,073
	<u>7.59%</u>	<u>911,990</u>	<u>9.72%</u>	<u>871,690</u>

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 15 and 16 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2016 %	2016 R	2015 %	2015 R
<u>Exchange Debtors</u>				
Electricity	5.83%	700,396	4.79%	429,438
Water	46.65%	5,609,186	44.48%	3,991,221
Refuse	22.55%	2,710,830	23.62%	2,119,378
Sewerage	22.78%	2,738,858	25.38%	2,277,553
Other	2.19%	263,724	0.50%	154,628
	<u>100.00%</u>	<u>12,022,993</u>	<u>100%</u>	<u>8,972,217</u>

The provision for bad debts could be allocated between the different categories of debtors as follows:

Government	0.00%	-	2.31%	207,486
Commercial	3.27%	392,728	2.70%	241,973
Municipal	0.00%	-	0.00%	-
Residential	94.96%	11,416,680	94.40%	8,469,541
Other	1.78%	213,585	0.59%	53,217
	<u>100.00%</u>	<u>12,022,993</u>	<u>100%</u>	<u>8,972,217</u>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

	2016 R	2015 R
Financial assets exposed to credit risk at year end are as follows:		
Trade receivables and other receivables	3,039,101	3,444,182
Cash and Cash Equivalents	26,748,233	11,129,765
	<u>29,787,334</u>	<u>14,573,947</u>

**(e) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on-going review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2016</b>				
Long Term liabilities	43,931	39,482	-	-
Capital repayments	37,531	36,253	-	-
Interest	6,400	3,229	-	-
Trade and Other Payables	6,151,003	-	-	-
Unspent conditional government grants and receipts	10,438,243	-	-	-
Cash and Cash Equivalents	-	-	-	-
	<u>16,633,177</u>	<u>39,482</u>	<u>-</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2015</b>				
Long Term liabilities	65,102	17,557	-	-
Capital repayments	60,984	13,959	-	-
Interest	4,118	3,598	-	-
Trade and Other Payables	3,484,097	-	-	-
Unspent conditional government grants and receipts	7,013,344	-	-	-
	<u>10,562,543</u>	<u>17,557</u>	<u>-</u>	<u>-</u>

		2016 R	2015 R
43	<b>FINANCIAL INSTRUMENTS</b>		
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows: The fair value of financial instruments approximates the amortised costs as reflected below.		
43.1	<b>Financial Assets</b>		
	<b>Classification</b>		
	<b>Consumer Debtors</b>		
	Trade receivables from exchange transactions	1,849,170	1,792,053
	<b>Short-term Investment Deposits</b>		
	Call Deposits	23,385,721	10,980,159
	<b>Bank Balances and Cash</b>		
	Bank Balances	3,251,404	147,906
	Cash Floats and Advances	2,850	1,700
		<b>28,489,145</b>	<b>12,921,818</b>
	<b>SUMMARY OF FINANCIAL ASSETS</b>		
	Financial instruments at amortised cost	28,489,145	12,921,818
	<b>At amortised cost</b>	<b>28,489,145</b>	<b>12,921,818</b>
	<b>FINANCIAL INSTRUMENTS (CONTINUE)</b>		
43.2	<b>Financial Liability</b>		
	<b>Classification</b>		
	<b>Long-term Liabilities</b>		
	Capitalised Lease Liability	36,251	13,959
	<b>Trade Payables</b>		
	Trade creditors	5,177,443	2,570,020
	Debtors with credit balances	380,865	376,529
	Retentions	582,067	528,983
	Deposits	4,000	8,565
	Other		
	<b>Current Portion of Long-term Liabilities</b>		
	Capitalised Lease Liability	37,531	60,984
		<b>6,218,158</b>	<b>3,559,040</b>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>		
	Financial instruments at amortised cost	<b>6,218,158</b>	<b>3,559,040</b>
44	<b>STATUTORY RECEIVABLES</b>		
	<b>Taxes</b>		
	VAT receivable	<b>2,211,373</b>	<b>848,170</b>
	<b>Other receivables for non exchange transactions</b>		
	Rates	784,221	588,218
	Traffic fines	10,224,741	7,262,271
		<b>11,008,962</b>	<b>7,850,489</b>
45	<b>EVENTS AFTER THE REPORTING DATE</b>		
	The municipality has no events after reporting date during the financial year ended 2015/2016.		
46	<b>PRIVATE PUBLIC PARTNERSHIPS</b>		
	Council has not entered into any private public partnerships during the financial year.		

			2016 R	2015 R
47	<b>CONTINGENT LIABILITY</b>			
	<b><u>Name of Claimant</u></b>	<b><u>Nature of Liability</u></b>	<b><u>Estimated Effect</u></b>	<b><u>Possibility of Reimbursement</u></b>
	Markotter Attorneys	Claim for damages	Unknown	Unknown
	Cost relating to the transfer of 252 houses to the beneficiaries, which the attorney alleges should have been allocated to his firm. The municipality is disputing the claim			
48	<b>RELATED PARTIES</b>			
48.1	<b>Related Parties</b>			
			<b>Outstanding balances on municipal accounts</b>	
	<u>Councillors</u>			
	G. Lottering	Mayor	303	315
	N.D. Jaftha	Speaker	-	-
	N.S. Abrahams	Deputy Mayor	244	213
	I.J. Windvogel	Councillor	541	65
	L. Jaquet	Councillor	-	-
	S. Botes	Councillor	604	532
	C. Stols	Councillor	-	-
			<b>1,691</b>	<b>1,125</b>
	<u>Key Management</u>			
	H.F.W. Mettler	Municipal Manager	-	-
	J.D. Neethling	Chief Financial Officer	-	-
	A. Vorster	Director Corporate / Community Services	-	-
	Please note not all related parties have municipal accounts			
48.2	<b>Related Party Transactions</b>			
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.			
48.3	<b>Related Party Loans</b>			
	No loans were granted to councillors or senior management employees.			
48.4	<b>Compensation of key management personnel</b>			
	The compensation of key management personnel is set out in note 24 to the Annual Financial Statements.			
48.5	<b>Other related party transactions</b>			
	The following purchases were made during the year where Councillors or staff have an interest:			
	None			
49	<b>SERVICE IN KIND</b>			
	As per GRAP 23 par 99-107 the following transactions are regarded as service in kind			
	Johan Pieterse - MISA (Municipal Infrastructure Support Agency) advisor		776,694	-
	The auditor General - Audit fees over and above 1% contributed by National Treasury		2,036,376	1,497,319
	<b>Total</b>		<b>2,813,071</b>	<b>1,497,319</b>

**APPENDIX A - Unaudited**  
**PRINCE ALBERT LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016**

<b>EXTERNAL LOANS</b>	<b>Rate</b>	<b>Redeemable</b>	<b>Balance at 30 JUNE 2015</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30 JUNE 2016</b>
<b>ANNUITY LOANS</b>				-		-
<b>Total Annuity Loans</b>			-	-	-	-
<b>LEASE LIABILITY</b>						
7 Tablets - new			36,246		24,929	11,317
Minolta B283			11,408		10,509	899
Minolta B501			22,074		20,333	1,741
Minolta C280			5,215		5,215	0
Minolta Bizhub C284E			-	74,015	14,190	59,825
<b>TOTAL EXTERNAL LOANS</b>			<b>74,943</b>	<b>74,015</b>	<b>75,176</b>	<b>73,782</b>

**APPENDIX B - Unaudited**  
**PRINCE ALBERT LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 30 JUNE 2015	Correction of error	Balance 30 JUNE 2015	Grants Received	Capital Expenditure during the year Transferred to Revenue	Operating Expenditure during the year Transferred to Revenue	VAT Recognised	Balance 30 June 2016
<b>UNSPENT AND UNPAID GOVERNMENT GRANTS</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>		<b>R</b>
<b><u>National Government Grants</u></b>								
Equitable Share	-	-	-	15,247,000	-	15,247,000	-	-
Local Government Financial Management Grant	-	-	-	1,600,000	175,155	1,421,490	3,355	-
Municipal Infrastructure Grant	-	-	-	9,466,000	5,510,102	373,300	900,836	2,681,762
Municipal Systems Improvement Grant	-	-	-	942,000	-	942,000	-	-
EPWP	-	-	-	1,000,000	-	1,000,000	-	-
Integrated National Electrification Program	-	-	-	3,000,000	2,648,368	-	351,632	-
<b>Total National Government Grants</b>	-	-	-	31,255,000	8,333,625	18,983,790	1,255,823	2,681,762
<b><u>Provincial Government Grants</u></b>								
Sport & Recreation	-	-	-	-	-	-	-	-
Financial Management Improvement Grant	-	-	-	5,535,124	138,050	2,811,825	76,417	2,508,832
CDW	-	-	-	72,000	-	72,000	-	-
Thusong Centre	-	-	-	211,000	-	211,000	-	-
Roads Maintenance	-	-	-	30,000	-	26,819	3,182	(1)
Housing Beneficiaries	907,686	726,808	180,878	-	-	180,876	-	2
Accelerated housing	4,905,658	(726,808)	5,632,466	5,000,000	5,100,326	61,796	722,697	4,747,647
Infrastructure support grant	1,200,000	-	1,200,000	237,000	1,182,246	237,000	17,754	-
Electricity Master Plan	-	-	-	250,000	-	250,000	-	-
Drought Relief	-	-	-	500,000	-	-	-	500,000
Advertising sms's	-	-	-	29,000	-	25,439	3,561	-
IDP related Projects	-	-	-	200,000	198,987	-	1,013	-
Library Grant	-	-	-	1,299,000	86,250	1,212,750	-	-
<b>Total Provincial Government Grants</b>	7,013,344	-	7,013,344	13,363,124	6,705,859	5,089,505	824,624	7,756,480
<b><u>Other Grant Providers</u></b>								
EPWP District Mun.	-	-	-	-	-	-	-	-
<b>Total Other Grant Providers</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7,013,344</b>	<b>-</b>	<b>7,013,344</b>	<b>44,618,124</b>	<b>15,039,484</b>	<b>24,073,295</b>	<b>2,080,447</b>	<b>10,438,242</b>

**APPENDIX C(1) - Unaudited**  
**PRINCE ALBERT LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description	2015/2016							2014/2015
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>Revenue - Standard</b>								
<b>Governance and administration</b>	23,551	37,660	61,211	37,189	(24,021)	60.8%	157.9%	50,754
Executive and council	2,273	—	2,273	2,277	4	100.2%	100.2%	1,866
Budget and treasury office	20,293	37,647	57,940	33,559	(24,381)	57.9%	165.4%	47,962
Corporate services	985	13	998	1,354	356	135.6%	137.4%	927
<b>Community and public safety</b>	11,972	(5,170)	6,802	6,531	(271)	96.0%	54.6%	6,292
Community and social services	2,259	—	2,259	2,181	(78)	96.5%	96.5%	1,894
Sport and recreation	283	—	283	283	—	100.0%	100.0%	283
Public safety	9,430	(5,170)	4,260	4,068	(192)	95.5%	43.1%	4,115
Housing	—	—	—	—	—	—	—	—
Health	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>	2,022	26	2,048	2,475	427	120.8%	122.4%	1,673
Planning and development	300	—	300	—	(300)	—	—	200
Road transport	1,722	26	1,748	2,475	727	141.6%	143.7%	1,473
Environmental protection	—	—	—	—	—	—	—	—
<b>Trading services</b>	26,530	2,534	29,064	29,366	303	101.0%	110.7%	25,822
Electricity	15,853	(347)	15,506	16,033	527	103.4%	101.1%	13,912
Water	4,290	1,450	5,740	5,972	232	104.0%	139.2%	5,319
Waste water management	3,981	886	4,867	4,336	(531)	89.1%	108.9%	3,894
Waste management	2,406	545	2,951	3,026	75	102.5%	125.8%	2,696
<b>Other</b>	—	—	—	—	—	—	—	—
<b>Total Revenue - Standard</b>	<b>64,074</b>	<b>35,050</b>	<b>99,124</b>	<b>75,562</b>	<b>(23,562)</b>	<b>76.2%</b>	<b>117.9%</b>	<b>84,540</b>
<b>Expenditure - Standard</b>								
<b>Governance and administration</b>	19,241	9,468	28,709	21,861	(6,848)	76.1%	113.6%	38,729
Executive and council	5,344	70	5,414	4,963	(450)	91.7%	92.9%	5,039
Budget and treasury office	10,270	9,303	19,572	13,769	(5,803)	70.4%	134.1%	30,583
Corporate services	3,627	96	3,723	3,128	(595)	84.0%	86.2%	3,106
<b>Community and public safety</b>	11,541	(3,786)	7,755	6,725	(1,030)	86.7%	58.3%	6,793
Community and social services	2,679	(212)	2,466	2,110	(356)	85.6%	78.8%	2,069
Sport and recreation	535	(81)	454	342	(112)	75.4%	64.0%	321
Public safety	8,327	(3,493)	4,834	4,273	(562)	88.4%	51.3%	4,403
Housing	—	—	—	—	—	—	—	—
Health	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>	4,180	823	5,003	5,315	313	106.3%	127.2%	4,258
Planning and development	467	(20)	447	275	(172)	61.5%	58.9%	382
Road transport	3,713	843	4,555	5,040	485	110.6%	135.8%	3,876
Environmental protection	—	—	—	—	—	—	—	—
<b>Trading services</b>	18,817	2,685	21,502	19,369	(2,133)	90.1%	102.9%	22,991
Electricity	12,890	272	13,162	10,506	(2,656)	79.8%	81.5%	9,745
Water	1,690	1,160	2,850	3,662	812	128.5%	216.6%	3,469
Waste water management	2,574	649	3,223	2,792	(432)	86.6%	108.5%	2,095
Waste management	1,662	604	2,267	2,410	143	106.3%	145.0%	7,682
<b>Other</b>	—	—	—	—	—	—	—	—
<b>Total Expenditure - Standard</b>	<b>53,779</b>	<b>9,190</b>	<b>62,969</b>	<b>53,271</b>	<b>(9,698)</b>	<b>84.6%</b>	<b>99.1%</b>	<b>72,772</b>
<b>Surplus/(Deficit) for the year</b>	<b>10,296</b>	<b>25,859</b>	<b>36,155</b>	<b>22,291</b>	<b>(13,864)</b>	<b>61.7%</b>	<b>216.5%</b>	<b>11,768</b>

**APPENDIX C(2) - Unaudited**  
**PRINCE ALBERT LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Description	2015/2016							2014/2015
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>Revenue by Vote</b>								
Vote 1 - Executive and Council	2,273	–	2,273	2,277	4	100.2%	100.2%	1,866
Vote 2 - Director Finance	20,293	37,647	57,940	33,559	(24,381)	57.9%	165.4%	47,962
Vote 3 - Director Corporate	1,285	13	1,298	1,342	44	103.4%	104.4%	1,127
Vote 4 - Director Community	11,972	(5,170)	6,802	6,531	(271)	96.0%	54.6%	6,292
Vote 5 - Director Technical Services	28,252	2,560	30,812	31,853				27,295
<b>Total Revenue by Vote</b>	<b>64,074</b>	<b>35,050</b>	<b>99,124</b>	<b>75,562</b>	<b>(23,562)</b>	<b>76.2%</b>	<b>117.9%</b>	<b>84,540</b>
<b>Expenditure by Vote, to be appropriated</b>								
Vote 1 - Executive and Council	5,343	70	5,413	4,963	(449)	91.7%	92.9%	5,039
Vote 2 - Director Finance	10,270	9,706	19,976	14,823	(5,153)	74.2%	144.3%	31,486
Vote 3 - Director Corporate	4,095	76	4,170	3,403	(767)	81.6%	83.1%	3,489
Vote 4 - Director Community	11,542	(3,786)	7,756	6,725	(1,031)	86.7%	58.3%	6,793
Vote 5 - Director Technical Services	22,530	3,125	25,654	23,356	(2,298)	91.0%	103.7%	25,965
<b>Total Expenditure by Vote</b>	<b>53,779</b>	<b>9,190</b>	<b>62,969</b>	<b>53,271</b>	<b>(9,698)</b>	<b>84.6%</b>	<b>99.1%</b>	<b>72,772</b>
<b>Surplus/(Deficit) for the year</b>	<b>10,296</b>	<b>25,859</b>	<b>36,155</b>	<b>22,291</b>	<b>(13,864)</b>	<b>61.7%</b>	<b>216.5%</b>	<b>11,768</b>

**APPENDIX C(3) - Unaudited**  
**PRINCE ALBERT LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**REVENUE AND EXPENDITURE**

Description  R thousand	2015/2016							2014/2015
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>Revenue By Source</b>								
Property rates	2,721	(40)	2,681	2,725	44	101.7%	100.2%	2,462
Service charges	18,798	(691)	18,107	18,989	882	104.9%	101.0%	17,399
Rental of facilities and equipment	323	58	381	337	(43)	88.6%	104.5%	273
Interest earned - external investments	500	810	1,310	1,622	312	123.8%	324.5%	812
Interest earned - outstanding debtors	600	400	1,000	956	(44)	95.6%	159.3%	711
Fines	8,952	(5,170)	3,782	3,552	(230)	93.9%	39.7%	3,582
Licences and permits	220	-	220	264	44	120.1%	120.1%	255
Transfers recognised - operating	21,250	20,234	41,484	24,073	(17,411)	58.0%	113.3%	40,216
Other revenue	418	3,631	4,049	5,334	1,286	131.8%	1276.8%	4,019
Gains on disposal of PPE	-	-	-	33	33	#DIV/0!	#DIV/0!	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>53,782</b>	<b>19,232</b>	<b>73,013</b>	<b>57,887</b>	<b>(15,126)</b>	<b>379.7%</b>	<b>107.6%</b>	<b>69,729</b>
<b>Expenditure By Type</b>								
Employee related costs	14,248	(510)	13,738	12,994	(744)	94.6%	91.2%	13,048
Remuneration of councillors	2,582	-	2,582	2,586	4	100.1%	100.1%	2,411
Debt impairment	8,750	(3,450)	5,300	5,621	321	106.1%	64.2%	5,224
Depreciation & asset impairment	1,895	-	1,895	2,354	459	124.2%	124.2%	1,744
Finance charges	300	270	570	863	293	151.4%	287.6%	562
Bulk purchases	9,581	(110)	9,471	7,525	(1,946)	79.5%	78.5%	6,748
Other materials	-	-	-	-	-	-	-	-
Contracted services	1,292	595	1,887	7,705	5,819	408.4%	596.4%	24,510
Transfers and grants	-	-	-	-	-	-	-	-
General Expenses	15,130	8,954	24,084	10,289	(13,795)	42.7%	68.0%	16,349
Loss on disposal of PPE	-	-	-	699	699	#DIV/0!	#DIV/0!	108
<b>Total Expenditure</b>	<b>53,779</b>	<b>5,748</b>	<b>59,527</b>	<b>50,635</b>	<b>(8,891)</b>	<b>1035.6%</b>	<b>94.2%</b>	<b>70,705</b>
<b>Surplus/(Deficit)</b>	<b>3</b>	<b>13,483</b>	<b>13,486</b>	<b>7,251</b>	<b>(6,235)</b>	<b>53.8%</b>	<b>238331.3%</b>	<b>(977)</b>
Transfers recognised - capital	10,293	3,113	13,406	15,039	1,634	112.2%	146.1%	12,745
Contributions recognised - capital	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>10,296</b>	<b>16,596</b>	<b>26,892</b>	<b>22,291</b>	<b>(4,601)</b>	<b>82.9%</b>	<b>216.5%</b>	<b>11,768</b>

**APPENDIX C(4) - Unaudited**  
**PRINCE ALBERT LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Description	2015/2016							2014/2015
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
<b>Capital expenditure - Vote</b>					-	-	-	
<b>Single-year expenditure</b>								
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-
Vote 2 - Director Finance	200	242	442	197	(244)	44.7%	98.6%	-
Vote 3 - Director Corporate	-	4,500	4,500	-	(4,500)	-	-	297
Vote 4 - Director Community	2,150	3,371	5,521	121	(5,401)	2.2%	5.6%	-
Vote 5 - Director Technical Services	7,943	17,984	25,926	14,921	(11,005)	57.6%	187.9%	20,108
<b>Capital single-year expenditure</b>	<b>10,293</b>	<b>26,096</b>	<b>36,389</b>	<b>15,239</b>	<b>(21,150)</b>	<b>42%</b>	<b>148%</b>	<b>20,405</b>
<b>Total Capital Expenditure - Vote</b>	<b>10,293</b>	<b>26,096</b>	<b>36,389</b>	<b>15,239</b>	<b>(21,150)</b>	<b>42%</b>	<b>148%</b>	<b>20,405</b>
<b>Capital Expenditure - Standard</b>					-	-	-	
<b>Governance and administration</b>	<b>200</b>	<b>4,742</b>	<b>4,942</b>	<b>887</b>	<b>(4,055)</b>	<b>17.9%</b>	<b>443.5%</b>	<b>27</b>
Executive and council	-	-	-	-	-	-	-	17
Budget and treasury office	200	242	442	868	427	196.6%	434.1%	-
Corporate services	-	4,500	4,500	19	(4,481)	0.4%	#DIV/0!	10
<b>Community and public safety</b>	<b>2,150</b>	<b>3,571</b>	<b>5,721</b>	<b>634</b>	<b>(5,087)</b>	<b>11.1%</b>	<b>29.5%</b>	<b>264</b>
Community and social services	-	5,170	5,170	121	(5,049)	2.3%	#DIV/0!	264
Sport and recreation	2,150	(1,799)	351	332	(20)	94.4%	15.4%	-
Public safety	-	200	200	182	(18)	91.1%	#DIV/0!	-
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>830</b>	<b>(0)</b>	<b>830</b>	<b>700</b>	<b>(129)</b>	<b>84.4%</b>	<b>84.4%</b>	<b>9,470</b>
Planning and development	-	-	-	6	6	#DIV/0!	#DIV/0!	-
Road transport	830	(0)	830	694	(136)	83.6%	83.6%	9,470
Environmental protection	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>7,113</b>	<b>17,784</b>	<b>24,897</b>	<b>13,150</b>	<b>(11,747)</b>	<b>52.8%</b>	<b>184.9%</b>	<b>10,644</b>
Electricity	3,000	-	3,000	2,658	(342)	88.6%	88.6%	6
Water	2,159	4,348	6,506	2,114	(4,392)	32.5%	97.9%	6,178
Waste water management	1,954	13,436	15,391	8,358	(7,033)	54.3%	427.6%	4,460
Waste management	-	-	-	20	20	#DIV/0!	#DIV/0!	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>10,293</b>	<b>26,096</b>	<b>36,389</b>	<b>15,372</b>	<b>(21,018)</b>	<b>42%</b>	<b>149%</b>	<b>20,405</b>
<b>Funded by:</b>					-	-	-	
National Government	10,293	3,000	13,293	8,334	(4,959)	62.7%	81.0%	9,257
Provincial Government	-	13,430	13,430	6,706	(6,724)	49.9%	#DIV/0!	10,989
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>10,293</b>	<b>16,430</b>	<b>26,723</b>	<b>15,039</b>	<b>(11,683)</b>	<b>56%</b>	<b>146%</b>	<b>20,245</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>9,500</b>	<b>9,500</b>	<b>-</b>	<b>(9,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>-</b>	<b>167</b>	<b>167</b>	<b>200</b>	<b>33</b>	<b>119.8%</b>	<b>#DIV/0!</b>	<b>160</b>
<b>Total Capital Funding</b>	<b>10,293</b>	<b>26,096</b>	<b>36,389</b>	<b>15,239</b>	<b>(21,150)</b>	<b>42%</b>	<b>148%</b>	<b>20,405</b>

**APPENDIX G - Unaudited**  
**PRINCE ALBERT LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**  
**CASH FLOWS**

Description  R thousand	2015/2016							2014/2015
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>					-	-	-	
Ratepayers and other	22,555	(7,729)	14,826	29,445	14,619	198.6%	130.5%	25,539
Government - operating	23,530	17,954	41,484	24,073	(17,411)	58.0%	102.3%	40,216
Government - capital	7,293	6,113	13,406	15,039	1,634	112.2%	206.2%	12,745
Interest	500	1,210	1,710	2,578	868	150.8%	515.6%	1,523
Dividends	-	-	-	-	-	-	-	-
<b>Payments</b>					-	-	-	
Suppliers and employees	(41,397)	(1,079)	(42,476)	(28,590)	13,886	67.3%	69.1%	(65,182)
Finance charges	-	270	270	(863)	(1,133)	-319.6%	#DIV/0!	(562)
Transfers and Grants	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>12,481</b>	<b>16,738</b>	<b>29,220</b>	<b>41,683</b>	<b>12,463</b>	<b>142.7%</b>	<b>334.0%</b>	<b>14,279</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					-	-	-	
<b>Receipts</b>					24,925	-	-	
Purchase of Property, Plant and Equipment	-	-	-	-	-	-	-	-
Disposal of Investment Properties	-	-	-	7	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
<b>Payments</b>					-	-	-	
Capital assets	(10,293)	(26,096)	(36,389)	(26,090)	10,299	71.7%	253.5%	(12,718)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(10,293)</b>	<b>(26,096)</b>	<b>(36,389)</b>	<b>(26,083)</b>	<b>10,306</b>	<b>71.7%</b>	<b>253.4%</b>	<b>(12,718)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					-	-	-	
<b>Receipts</b>					-	-	-	
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	74	74	#DIV/0!	#DIV/0!	49
Increase (decrease) in consumer deposits	-	-	-	20	20	#DIV/0!	#DIV/0!	20
<b>Payments</b>					20,699	-	-	
Repayment of borrowing	-	-	-	(75)	(75)	#DIV/0!	#DIV/0!	(68)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>19</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>2</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>2,189</b>	<b>(9,358)</b>	<b>(7,169)</b>	<b>15,618</b>	<b>22,788</b>	<b>-217.9%</b>	<b>713.6%</b>	<b>1,563</b>
Cash/cash equivalents at the year begin:	564	15,810	16,374	11,130	(5,244)	68.0%	1972.5%	9,569
Cash/cash equivalents at the year end:	2,753	6,452	9,205	26,748	17,563	290.6%	971.6%	11,130

**APPENDIX D - Unaudited**  
**PRINCE ALBERT LOCAL MUNICIPALITY**  
**SCHEDULE OF SCM DEVIATIONS FOR THE YEAR ENDED 30 JUNE 2016**

SUPPLIER	GOODS / SERVICES	AMOUNT	REASON
CAB HOLDINGS	Printing of accounts	8,500	Sole supplier
IGNITE	Performance system	3,954	Sole supplier
KOBUS FREY LANDBOU DIENSTE	Repairs and maintenance vehicles (Only supplier prepared to visit municipality to prepare quote)	25,646	Sole supplier
PALSECURITY & SERVICES	Alarm system	6,431	Sole supplier
JS MARAIS	Manufacture of burglar bars	6,900	Sole supplier
VSR DIGGING	Sand	52,000	Sole supplier
NATIONAL GARAGE	Sale of prepaid electricity	9,220	Sole supplier
H PIEDT	Sale of prepaid electricity	7,579	Sole supplier
H PIEDT	Sale of prepaid electricity	7,308	Sole supplier
NATIONAL GARAGE	Sale of prepaid electricity	11,666	Sole supplier
WALTONS	Purchase of chairs (Only 2 suppliers provided quotes)	12,750	Sole supplier
WESKAAP LABORATORIUM DIENS	Water tests	13,496	Sole supplier
JAN NEL ELEKTRIES	Electrical services	154,131	Sole supplier
IGNITE	Performance system	3,105	Sole supplier
AUTACS SIGNS	Traffic signs (only 2 suppliers provided quotes)	12,252	Sole supplier
PRICE WATERHOUSE COOPERS	Asset count	21,552	Sole supplier
DIE BURGER	Advertisements (only widely circulated newspaper in municipal area that also cover rest of Western Cape)	8,892	Sole supplier
KOBUS FREY LANDBOU DIENSTE	Repairs and maintenance vehicles (Only supplier prepared to visit municipality to prepare quote)	27,004	Sole supplier
KOBUS FREY LANDBOU DIENSTE	Repairs and maintenance vehicles (Only supplier prepared to visit municipality to prepare quote)	28,687	Sole supplier
H PIEDT	Sale of prepaid electricity	9,254	Sole supplier
NATIONAL GARAGE	Sale of prepaid electricity	9,257	Sole supplier
WALTONS	Chairs (was on promotion)	5,039	Sole supplier
TYRES TREADS	Tyres	3,520	Emergency
JAN NEL ELEKTRIES	Pumps (Only received 1 quote)	21,660	Sole supplier
JAN NEL ELEKTRIES	Electrical services	37,447	Sole supplier
METSI CHEM IKAPA	CHLORINE GAS	3,171	Sole supplier
JS MARAIS	Repairs at museum (Only received 1 quote)	5,000	Sole supplier
CAB HOLDINGS	Printing of accounts	8,500	Sole supplier
IGNITE	Performance system	13,372	Sole supplier
POWER MEASUREMENT	Prepaid meters	7,000	Sole supplier
TYRES TREADS	Tyres (Only received 2 quotes)	7,575	Sole supplier
WESKAAP LABORATORIUM DIENS	Water tests	8,460	Sole supplier
WESKAAP LABORATORIUM DIENS	Water tests	7,410	Sole supplier
VSR DIGGING	Digging of trenches	3,960	Sole supplier
OCTOBER SKY PLANT HIRE & SUP	Water audit (Only received 2 quotes)	3,772	Sole supplier
SOUTH CAPE AUTO	Repairs to vehicles	3,222	Sole supplier
BOOM GATE SYSTEMS (PTY) LTD	Booms at land fill sites (only received 2 quotes)	14,993	Sole supplier
KAROO MOTORS WERKSWINKEL	Repairs to vehicles	8,705	Sole supplier
BOOM GATE SYSTEMS (PTY) LTD	Booms at land fill sites (only received 2 quotes)	6,651	Sole supplier
H PIEDT	Sale of prepaid electricity	8,781	Sole supplier
NATIONAL GARAGE	Sale of prepaid electricity	9,393	Sole supplier
HOME HARDWARE	Only supplier with stock	2,219	Sole supplier
JAN NEL ELEKTRIES	Electrical services	48,102	Sole supplier
G VAN DER WESTHUIZEN	Assistance with audit	2,500	Sole supplier
METSI CHEM IKAPA	CHLORINE GAS	3,206	Sole supplier
G VAN DER WESTHUIZEN	Assistance with audit	7,500	Sole supplier
G VAN DER WESTHUIZEN	Assistance with audit	4,000	Sole supplier
SS SWEIS EN HERSTEL	Repairs to motor vehicle	10,820	Sole supplier
LEXIS NEXIS	Legal books traffic	2,810	Sole supplier
TATA GARDEN ROUTE	Repairs of vehicle	48,446	Sole supplier
KOBUS FREY LANDBOU DIENSTE	Repairs and maintenance vehicles (Only supplier prepared to visit municipality to prepare quote)	23,648	Sole supplier
SOUTH CAPE AUTO	Repairs to motor vehicle	5,179	Sole supplier
JAN NEL ELEKTRIES	Electrical services	48,192	Sole supplier
DIE BURGER	Advertisements (only widely circulated newspaper in municipal area that also cover rest of Western Cape)	7,566	Sole supplier
ODUTSHOORN GRASSNYER	Repairs to pumps (Only 1 quote received)	6,742	Sole supplier
TIME FREIGHT COURIERS	Delivery charges	4,495	Sole supplier
RADIO GAMKALAND	Radio advert services	6,520	Sole supplier
METSI CHEM IKAPA	CHLORINE GAS	6,300	Sole supplier
WESKAAP LABORATORIUM DIENS	Water tests	7,080	Sole supplier
JAN NEL ELEKTRIES	Electrical services	61,365	Sole supplier
IGNITE	Performance system	4,767	Sole supplier
H PIEDT	Sale of prepaid electricity	8,453	Sole supplier
NB SOLUTIONS	Repairs to recording equipment	3,655	Sole supplier
IGNITE	Performance system	7,875	Sole supplier
NB SOLUTIONS	Repairs to recording equipment	1,995	Sole supplier
UNIVERSITEIT VAN KAAPSTAD	Training services (arranged by WC Dept. of Local Government)	14,500	Sole supplier
WESKAAP LABORATORIUM DIENS	Water tests	7,360	Sole supplier
JAN NEL ELEKTRIES	Electrical services	81,834	Sole supplier
EBOL SYSTEM	Boiling water dispenser (Only 2 quotes receive)	4,462	Sole supplier
KOBUS FREY LANDBOU DIENSTE	Repairs and maintenance vehicles (Only supplier prepared to visit municipality to prepare quote)	18,431	Sole supplier
JAN NEL ELEKTRIES	Electrical services	25,374	Sole supplier
OK GROCER	Materials for Library	3,860	Sole supplier
SS SWEIS EN HERSTEL	Repairs to motor vehicle	17,110	Sole supplier
JAN NEL ELEKTRIES	Electrical services	54,492	Sole supplier
SOUTHERN CAPE COMPRESSED A	Repairs to compressor	6,975	Sole supplier
WESKAAP LABORATORIUM DIENS	Water tests	8,560	Sole supplier
KAROO MOTORS WERKSWINKEL	Repairs to vehicles	17,350	Sole supplier
ABRAHAMSKRAAL GUEST FARM	Rental of hall for DCF meeting	2,456	Sole supplier
JAN NEL ELEKTRIES	Electrical services	42,420	Sole supplier
KWEEKVALLEI WATERGEBRUIKER	Provision of "leiwater"	20,440	Sole supplier
VODACOM	Bulk SMS (Only 2 Quotes received)	29,000	Impractical
SS SWEIS EN HERSTEL	Repairs to motor vehicle	3,551	Sole supplier
GROUP EDITORS	Advertisements	11,656	Sole supplier
HOME HARDWARE	Only supplier with stock	5,968	Sole supplier
JAN NEL ELEKTRIES	Electrical services	19,180	Sole supplier
SOUTH CAPE AUTO	Vehicle Repairs	4,104	Sole supplier
METSI CHEM IKAPA	CHLORINE GAS	10,015	Sole supplier
FORD	Repairs of vehicle	5,665	Sole supplier
MEDIA 24	Advertisements (only widely circulated newspaper in municipal area that also cover rest of Western Cape)	10,400	Sole supplier
MEDIA 24	Advertisements (only widely circulated newspaper in municipal area that also cover rest of Western Cape)	19,242	Sole supplier
KLEIN KAROO KOOPERASIE	Water tank	13,797	Sole supplier
DIE HOORN	Advertisements	6,560	Sole supplier
SOUTH CAPE AUTO	Repairs of vehicle	3,004	Sole supplier
SOUTH CAPE AUTO	Repairs of vehicle	4,104	Sole supplier
JAN NEL ELEKTRIES	Electrical services	51,627	Sole supplier
SS SWEIS EN HERSTEL	Repairs to motor vehicle	1,933	Sole supplier
JAN NEL ELEKTRIES	Electrical services	230,206	Sole supplier
ISHS	Health and Safety Monitoring	21,535	Sole supplier
BUSINESS ENGINEERING INNOVA	Records management system	505,000	Impractical
ODS CONSULTING	Calculation of senior management increases	11,865	Sole supplier
JAN NEL ELEKTRIES	Electrical services	33,622	Sole supplier
KAROO MOTORS WERKSWINKEL	Repairs to vehicles	4,740	Sole supplier
NATIONAL GARAGE	Fuel purchases (Amount only determined after completion)	3,729	Sole supplier
NATIONAL GARAGE	Fuel purchases (Amount only determined after completion)	3,065	Sole supplier
NATIONAL GARAGE	Fuel purchases (Amount only determined after completion)	3,038	Sole supplier
NATIONAL GARAGE	Fuel purchases (Amount only determined after completion)	3,293	Sole supplier
	<b>Total</b>	<b>2,306,170</b>	